

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2022

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number: 000-53162

**Iconic Brands, Inc.**

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of  
incorporation or organization)

13-4362274

(I.R.S. Employer  
Identification No.)

44 Seabro Avenue  
Amityville, NY

(Address of principal executive offices)

11701

(Zip Code)

Registrant's telephone number, including area code: **(631) 464-4050**

Securities registered pursuant to Section 12(b) of the Act: None.

Securities registered pursuant to Section 12(g) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	ICNB	OTC Markets Group

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated Filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the voting stock and non-voting common equity held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter ended June 30, 2022 was approximately \$12,125,000 based upon the closing price of the registrant's common stock of \$0.2810 on the OTCQB as of that date.

As of March 30, 2023, there were 107,596,138 shares of common stock, par value \$0.001, issued and outstanding.

ICONIC BRANDS, INC.  
FORM 10-K ANNUAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

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**CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS**

Statements in this Annual Report on Form 10-K may be “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934.

Forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements relating to our future activities or other future events or conditions. These statements are often, but not always, made through the use of words or phrases such as “believe,” “will,” “expect,” “anticipate,” “estimate,” “intend,” “plan,” and “would.” These statements are based on current expectations, estimates and projections about our business based in part on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may, and are likely to, differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors, including those set forth in “Item 1A. Risk Factors” of this Annual Report on Form 10-K, and our other filings with the U.S. Securities and Exchange Commission.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. We disclaim any obligation to publicly update or release any revisions to these forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this Annual Report on Form 10-K or to reflect the occurrence of unanticipated events, except as required by applicable law.

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## PART I

Throughout this Annual Report on Form 10-K, the “Company,” “Iconic,” “we,” “us,” and “our” refers to Iconic Brands, Inc. and its subsidiaries.

### ITEM 1. BUSINESS

#### Overview

We are engaged in the development and sale of alcohol and non-alcohol brands that are “Better-for-You” (“BFY”) and “Better-for-the-Planet”. Our brands include “Bellissima” by Christie Brinkley, a premium BFY collection of Prosecco, Sparkling Wines, and Still Wines, all certified vegan and made with organic grapes. Bellissima is strategically positioned with its Zero Sugar Wines. TopPop, our wholly-owned subsidiary, produces low calorie, “ready-to-go” products, ready-to-freeze (“RTF”) products and ready-to-drink (“RTD”) products in sustainable, flexible and stand-up pouch packaging, which includes, “cocktails-to-go” pouches and alcohol ice-pops. United is our 100% owned subsidiary that sells our Bellissima, Bella, Sonja Sangria and other alcohol beverages to state distributors. United holds all applicable state and federal licenses in order to sell these products to state distributors in accordance with the United States three tier distribution platform.

We have expertise in developing, from product inception to wholesale distribution or direct to consumer through the QVC distribution channel, and in branding alcohol beverages for our company and for third parties. We market and place products into national distribution through long-standing industry relationships approximately 45 national or regional alcoholic beverage distributors. We currently market and sell the following product lines:

- *Bellissima Prosecco* – these products comprise a line of all-natural and vegan Prosecco and Sparkling Wines made with organic grapes, including a Zero Sugar, Zero Carb option, a DOC Brut and a Sparkling Rose. The Bellissima line of Prosecco and Sparkling Wines includes two new flavor profiles, a Zero Sugar/Zero Carb Sparkling Rose and a Rose Prosecco;
- *Bellissima Zero Sugar Still Wines* – this line of five still wines was launched in March 2022 and are certified vegan and are made with organic grapes;
- *Bella Sprizz Aperitifs* – these products comprise a line of aperitifs consisting of three different expressions, a classic Italian aperitif, an all-natural elderflower aperitif and a classic Italian bitter;
- *Sonja Sangria* – a celebrity Sangria that we have sold since the May 2021. This product is actively being marketed but does not represent a significant part of our sales;
- *Ready-to-Freeze and Ready-to-Drink Alcohol and Non-Alcohol Products* – these products are currently produced under contract for third-party national and regional brands and for our own product line; and
- *BiVi Vodka* – a celebrity-branded vodka that we have sold since 2018 under the brand “BiVi 100 percent Sicilian Vodka” and which currently does not represent a material portion of our sales.

As a result of our July 2021 acquisition of 100% of the equity of TopPop, we are now a vertically integrated company that develops, produces and distributes alcoholic brands. TopPop is a product development, contract manufacturing and packaging company that specializes in flexible packaging applications in the food, beverage and health categories. It has the federal and state licenses necessary to manufacture and blend malt, wine and spirits-based products. In June 2020, TopPop opened a 27,000-square-foot FDA-approved manufacturing facility in Marlton, New Jersey with a Safe Quality Food certification. In September 2021, TopPop leased a 64,000 square foot facility for manufacturing in Pennsauken, New Jersey. In February 2022, TopPop leased an 82,000 square foot warehouse in Pennsauken, NJ, which is used for storage. TopPop has subletted 50% of the floor space in the Pennsauken warehouse in order to reduce rental costs.

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We believe TopPop brings to us additional synergies and opportunities for cross-promoting new and existing products to a broader customer base and better positions our company to establish and support our brands and to create sustainable packaging solutions to the consumable goods market. We believe our focus on lifestyle branding and the rising “Better-for-You,” “Better-for-the-Planet” consumer categories has made us a leader in developing celebrity brands worldwide, such as our Bellissima Prosecco by Christie Brinkley. Our mission is to be an industry leader in the brand development, marketing and sales of alcohol beverages and related products by capitalizing on our ability to procure products from around the world and to develop unique and innovative packaging to create brand and product line extensions. We plan to leverage our relationships to add value to our products and to create brand awareness in unbranded niche categories.

For its first product line, TopPop identified the single serve, RTD and RTF as an opportunity for product and packaging innovation. TopPop introduced an alcohol-infused ice pop in June 2020 and began marketing the concept to major alcohol companies. In addition, it developed its own product line which is expected to be sold through e-commerce platforms and wholesaled directly to sports and entertainment venues. TopPop manufactured approximately eight million ice pops from its launch in June 2020 through December 31, 2020, manufactured approximately 42 million ice pops during the year ended December 31, 2021 and manufactured approximately 40 million ice pops during the year ended December 31, 2022. We currently expect to have the capacity to manufacture over 100 million units by the end of 2023. Although we continue to believe that we benefit and will continue to benefit from the synergies and growth opportunities related to the TopPop Acquisition, during 2022 we encountered significant operational difficulties in producing large quantities of product and installing new machinery. These obstacles led to the loss of our two largest customers and an inability to achieve our targeted margins. We expect 2023 revenue to be in line with that in 2022; however this is significantly less than we originally anticipated when we acquired TopPop, and therefore we have impaired certain intangible assets related to the acquisition, along with cancelling certain contingent liabilities. TopPop does not have purchase orders in 2023 from its two largest customers in 2021 and 2022, and the loss of these customers is expected to significantly reduce our 2023 estimated sales that were projected when we acquired them in July 2021. We presently project 2023 sales to be equal to 2022 sales.

### **Segments**

The Company has two reportable segments: the development and sale of alcohol and non-alcohol brands that are BFY and “better-for-the-planet” (Branded Beverages segment) and the packaging of low calorie, “ready to go” products, RTF products and RTD products in sustainable, flexible and stand-up pouch packaging. See Note 15 – Segment Reporting.

### **Brands and Products**

#### *Bellissima Prosecco, Bellissima Sparkling Wines and Bellissima Still Wines*

We market and sell a line of all-natural and vegan prosecco, sparkling wines and still wines made with organic grapes. The prosecco and sparkling wines include two zero sugar options, a zero carb glera grape option, and a zero sugar, zero carb rose option. Our line of sparkling wine also includes a DOC Brut and a sparkling rose, as well as a DOC pink prosecco. Our zero sugar and less-than-one-gram of carbs still wine collection currently consists of a cabernet sauvignon, a chardonnay, a pinot grigio, a rose and a merlot. We market and sell these products under the Bellissima brand name pursuant to a license agreement entered into between our Bellissima Spirits LLC (“Bellissima Spirits”) subsidiary, and Christie Brinkley, Inc., an entity owned by supermodel and entrepreneur Christie Brinkley (“CBI”), on November 12, 2015, which agreement was amended on June 30, 2017 and further amended on April 22, 2022 (as amended, the “Bellissima Agreement”). During her career, Christie Brinkley has appeared on over 500 magazine covers worldwide, served as a spokeswoman for CoverGirl, and performed on Broadway, in television and in film.

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The Bellissima products are produced at a winery located in Treviso, Italy. Bellissima's winery partners manage the procurement of all raw materials required to produce a finished product of the Bellissima sparkling wine and still wine collections.

*Bella Sprizz Aperitifs*

We have also developed, and now market and sell, a line of aperitifs in partnership with Christie Brinkley under the brand name Bella Sprizz. This line of aperitifs consists of three different expressions, a classic Italian aperitif typically used in making a "Spritz," or as we prefer to say "Sprizz." The second product in the line is an all-natural elderflower aperitif that may be added as a component to a consumer's favorite cocktail or simply added to another spirit, such as a glass of our Bellissima Zero Sugar. We also offer "Bella Bitter," a classic Italian bitter that can be served over ice with a garnish, such as a squeeze of a fresh orange, or added as a component in making a superior Negroni, a popular Italian cocktail.

*Sonja Productions LLC*

We have signed a brand licensing agreement (the "Sonja Agreement") with Sonja Productions LLC, a company owned by Sonja Morgan ("Sonja Productions"), pursuant to which we obtained the exclusive right to use certain of Sonja Productions' intellectual property in connection with the marketing, distribution and sale of red sangria using Sonja's name, image, signature and likeness in connection therewith. Pursuant to the Sonja Agreement, we will pay Sonja Productions a royalty of 10% of the net sales of all products sold during the term of the Sonja Agreement, including direct-to-consumer sales. As of December 31, 2022, sales for this product have been minimal, and we currently anticipate that additional delays in a national launch may be necessary.

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### *Private Label Manufacturing and Distribution*

In addition to developing celebrity brands, we have the ability to develop and supply products for national restaurant chains, consumer good companies, and national retailers with high-quality, private label products through our designated in-market wholesalers. We believe that private labeling presents a significant opportunity for growth of our business. We can provide full-service, turnkey private labeling-enabled expertise in product sourcing, product development, brand development, marketing and distribution.

We previously marketed and sold a line of private-label premium spirits under the Hooters brand, including vodka, gin, rum (dark & light), tequila (silver & gold), American Whiskey and Hooters Heat Cinnamon Whiskey. Currently, we are in the process of developing a Hooters product that will be produced by TopPop, pursuant to an amended agreement.

TopPop is also launching its own brand of RTF products using an e-commerce distribution channel.

### *Flexible Packaging*

Our recently acquired TopPop subsidiary specializes in flexible packaging for alcohol and non-alcohol products as an alternative to cans and bottles. We believe the trend in beverage, liquid and lotion packaging has been to move away from bottles and cans and toward flexible stand-up pouches. In particular, beverage brands continue to develop packaging with the objective of accentuating the entire experience of the consumer associated with holding, opening, drinking, and enjoying beverages. We believe flexible packaging offers numerous benefits in the marketing, packaging and distribution of alcohol. In addition, we believe flexible, stand-up pouches create design opportunities to have the package stand out and appeal to consumers.

The key advantages of flexible packaging over cans and bottles for alcohol products include the following:

- *Barrier Protection* - Barrier material used in specialized alcohol pouches provides an oxygen barrier with a longer shelf life.
- *Product Differentiation* - Disruptive marketers can use standout packaging formats to differentiate themselves from long-established brands in traditional containers. New pouches developed specifically for the alcohol sector can provide greater stability and offer better shelf presence in stores.
- *Millennial and Gen Z Appeal* - Flexible packaging has been shown to appeal to millennials and Gen Z'ers due to the increased portability and reduced weight.
- *Sustainability* - Pouches offer an estimated 80-85% reduction in carbon footprint compared to glass. Pouches also compare favorably compared to cans, as they easily can be flattened and recycled after the liquid is consumed, unlike cans, which must be crushed and recycled in trash cans or recycling bins.
- *Supply Chain Efficiency* - Reduced packaging material also has a ripple effect on the supply chain, with less space needed to store and transport the product, which improves total supply chain efficiencies and costs.

TopPop also has other initiatives in place regarding recycling for its product packages and continues to work with vendors toward increasingly sustainable solutions.

### **Industry Overview**

According to Euromonitor International, a leading provider of global business intelligence, market analysis and consumer insights, in 2019, the “high end” and “super premium” categories experienced larger sales growth than the “premium” and “value” categories. Within the wine category, there has been a shift in consumer behavior towards Sparkling Wine and Rosé. Prosecco and Sparkling Rosé in particular have seen high growth rates.

According to Statista, a leading research firm for a number of consumer goods markets, the U.S. alcoholic beverages market was valued at approximately \$283.8 billion in revenue in 2022 and is expected to grow annually by a 5.55% CAGR from 2023-2027. Worldwide, compared to 2012, the alcoholic beverages market is forecast to grow by approximately 84% by 2025 to over \$2.2 trillion in value, up from \$1.2 trillion in 2012. Also, according to Statista, “Low and non-alcoholic ready to drink alcoholic beverages are forecast to grow at a compound annual growth rate of 38 percent between 2018 and 2022 in the United States. Wine is second, with a CAGR nearly 18 percent over that time period.”

We believe that the predicted growth of these beverage markets can be tied to the broader trend in food and beverage of better-for-you products which promote a healthier lifestyle. According to Statista, an “emerging trend in the industry follows the general trend towards health and wellness in the overall food and beverage industry. As more and more people are trying to limit their intake of alcohol, more companies across the spectrum of the industry have begun offering low and non-alcoholic options, to great success. The boom in hard seltzer fits nicely into this trend as they generally have the calories of a lite beer.”

According to “Research and Markets,” the flexible packaging market is approximated to be \$248.9 billion in 2022, and it is projected to reach \$315.5 billion by 2027 at a CAGR of 4.8%. Research and Markets stated that “Pouches are the major packaging type of flexible packaging. Pouches have the largest market share because of its excellent properties, such as low weight, resale ability, vacuum sealing, low package-to-product ratio, and others. The demand for pouches is higher in the food and beverages industry...”

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According to Beverage Daily, new young consumers are looking for ethical brands that focus on causes they care about, which often includes the planet, animals welfare and social inclusivity, among others.

Currently, the celebrity-branded alcoholic beverage industry is a largely consolidated industry, in which the largest companies control a significant portion of industry revenues. This includes existing distillery companies that use their own liquor and parent brands to promote their products. These companies have a significant advantage over smaller industry participants because they already have large bottling facilities and established brands.

Industry market share has also increased slightly during recent years as larger companies acquired smaller firms. For example, Sammy Hagar sold an 80% stake to Gruppo Campari for \$80 million, Bethenny Frankel sold her Skinny Girl Cocktail brand to Fortune Brands' Beam Global for an estimated \$100 million in 2011, and George Clooney sold his tequila company to Diageo for approximately \$1 billion.

Entrants and products in the celebrity-branded alcoholic beverage industry include, but are not limited to, Casamigos Tequila and George Clooney (2013), Ciroc Vodka and Sean Combs (2007), Skinnygirl Margarita and Bethenny Frankel (2011) and Cabo Wabo Tequila and Sammy Hagar (1996).

Given the trends discussed above, we believe that there is a substantial opportunity in this market due to the rising popularity of celebrity-branded alcoholic beverages.

## **Sales and Marketing**

We intend to utilize the strength of our management team and industry consultants to focus on brands that will consistently meet the needs of customers and consumers around the world. We aim to gain brand loyalty by partnering with well-known celebrities and/or national chains, such as we have with Christie Brinkley and Sonja Morgan, and have in the past with Chase Elliott and Hooters. We also intend to engage in targeted and national advertising and promotional campaigns, host celebrity and other sponsored events, and to offer distribution incentives. We hope to attain national exposure in order to drive both awareness and sales of our products in their markets. In addition, we expect that on and off-premises promotions, led by our sales management team, will pay off in increased awareness and higher sales.

We intend to kick off promotional campaigns with launch parties, supported by on-premises samplings, contests, on and off-premises giveaways, as well as social media campaigns, the launch of additional bottle sizes, and specialty drinks and menus. Product brochures, press kits, signage, banners, public relations, product placement, sponsorships and internet-based marketing will also be utilized to maximize brand exposure and awareness.

Examples of some of our promotional activities in 2022 include:

- Social media campaigns, POS for stores, in-store tastings, and collaborations with media for Bellissima's newly launches line of premium Zero Sugar still wines.
- In 2022, Bellissima participated at Vegandale festival in Miami and at Vegandale festival in Chicago. This was an opportunity to bring the Bellissima Prosecco & Wines in front of thousands of vegans and non-vegans in the vegan and vegan-curious target demographic. This event helped increase awareness about the brand and drive product trials and sales. In addition to this, the event converted social media awareness and engagement for the brand, thus increasing the overall reach of the brand during this campaign.
- For Earth Month, Bellissima partnered with the NGO One Tree Planted for a reforestation campaign, in which Bellissima donated one tree for every bottle of Bellissima sold. This aimed to help the regions affected by wildfires in California. In 2022, 12,000 trees were planted, in addition to the 10,000 trees planted in 2021. We believe this campaign enhanced the positioning of our *better-for-you & better-for-the-planet* wine and helped engage the sustainable-conscious consumers.
- Bellissima and Sonja Sangria participated at Women's Expo New Jersey, which we believe raised awareness of the brands, increased product trials and drove sales.
- Bellissima collaborated with Wine Enthusiast for a promotional campaign for Bellissima's new line of premium Zero Sugar Still Wines. The campaign included an educational article on the digital version of the magazine and a media component for increased awareness among wine enthusiasts across platforms.
- Sonja Sangria was introduced at several shows as part of the Sonja in your city tour. Sonja Sangria was represented at the shows in Texas, New Jersey and New York.
- Bellissima partnered with Modern Luxury Weddings. The collaboration included participation at two bridal events in Chicago and features in the wedding-themed magazine. This highlighted the brand to wedding planners, event coordinators, wedding catering companies, event venues and future brides.
- Sonja Sangria hosted a bottle signing event with Sonja Morgan at a store in the NY / Long Island area that sells Sonja Sangria.
- The Company's brands were introduced at trade shows in the United States such as NABCA and the Albany and Rochester NYSLSA.

We also plan to participate in consumer trade shows where wholesalers and retailers are also invited. This will allow our sales team to meet with many of the wholesalers and retailers who are otherwise hard to reach. Advertising and promotion will also be achieved through staff training of on-premise locations; bartenders and wait-staff will be trained to fully understand our products and market them to customers. Incentives will then be offered to motivate sales efforts.

TopPop has engaged a major marketing agency to promote its RTD and RTF products in flexible packaging to sports and entertainment venues.

Finally, we engage in direct-to-consumer (DTC) sales events, such as sales through QVC and websites.



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## **Production and Suppliers**

Bringing a wine brand to market involves several stages, including name choice, bottle selection, label or print design, raw material procurement, bottle-filling, and bottle packaging in various configurations for shipment. Labelling can have a large impact on consumers' purchasing practices. We conduct market research to validate the consistency of our wine labels with our brand narrative. Packaging also continues to be a key driver of brand perception. For our traditional bottling, we often seek shapes or forms that are unique and will add value to our brand awareness in the marketplace. We are exploring "active lifestyle packaging" alternatives to traditional bottling that provides an opportunity for our customers to enjoy our "Better for You" and "Better for the Planet" wine products in non-traditional settings, including bottles with screw-off caps, aluminum cans, and smaller size bottles and cans that can be taken on-the-go and are ideal for in-store point of purchase sales, and through our TopPop subsidiary, pouches and other non-traditional packaging.

All of our wine products are developed and produced by a premier certified grower of organic grapes that is located in the Veneto region of Italy. This arrangement has allowed us to commence our operations and to build our wine brands without having to incur the considerable overhead costs involved with the purchase or full-time lease of a production facility. Under our arrangement with our winery partner, we are actively involved in the development and production of each product category within each brand. To achieve unique flavor profiles for our brands, including for the development and production our Prosecco, Sparkling Wines and newly-released Still Wines, we collaborate with our wine maker, which has substantial expertise in blending wines with unique profiles. Once the final profile is approved and quality control standards are met, our winery partner produces the liquid in bulk and using unique production practices, bottles our wines for export to the United States and several international markets. This process includes the bulk production of the "juice" and the bottling of the product and packaging into cases configured to our specifications.

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Our relationship with our winery partner reduces our internal overhead expenses and allows us to benefit from that company's increased purchasing power. Our winery provides these services on a purchase order basis, which are subject to the parties' mutual agreement. This agreement outlines the schedule for placing orders, the responsibility and schedule for delivery of production materials, procedures for establishing the wine bottling date and delivery date. We have an open credit line with our winery partner and we provide payment via wire transfer in Euros. From time to time, we may provide an advance payment for the procurement of materials that we refer to as "dry goods", such as the caps, corks, bottles, cartons and all other materials required to produce the finished product. If there is an opportunity to secure extra "juice," we have the ability to purchase it by providing advance payment. We maintain approval rights for all components and finished products throughout the process.

The ability and willingness of our winery partner to supply and provide services to us pursuant to purchase orders may be affected by competing orders placed by other companies, the demands of those companies or other factors. If our winery partner becomes unable or unwilling to supply and provide services to us, we believe we can obtain comparable supplies and services from alternative suppliers. However, there can be no assurance that alternative suppliers will be available when required on terms that are acceptable to us, or at all, or that alternative suppliers will allocate sufficient capacity to us in order to meet our requirements. Given our long-standing relationships with our winery partner, we believe we have the ability to receive certain preferences over its other customers.

Our TopPop manufacturing and packaging operation purchases the alcohol or non-alcohol content for its products from various bulk alcohol suppliers in the United States. In addition, a number of TopPop's largest customers purchase and deliver the alcohol or non-alcohol content required to manufacture clients' products to our licensed TopPop facility, given their bulk purchasing capabilities. TopPop also purchases various other raw materials including, but not limited to cartons, liquid and labels. We generally purchase these raw materials from multiple suppliers and historically have not experienced significant shortages.

**Intellectual Property**

We strive to protect the reputation of our brands. We establish, protect and defend our intellectual property in a number of ways, including through employee and third-party nondisclosure agreements, copyright laws, domestic and foreign trademark protections, intellectual property licenses and social media and information security policies for employees. We have been granted 11 trademark registrations in the United States, and we have filed, and expect to continue to file, trademark applications seeking to protect any newly-developed brands.

We also rely on, and carefully protect, proprietary knowledge and expertise, including the sources of certain supplies, formulations, production processes, innovation regarding product development and other trade secrets necessary to maintain and enhance our competitive position.

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**Bellissima Agreements**

We market and sell our Bellissima Prosecco and Sparkling Wine products under a license granted by the Bellissima Agreement. Under the Bellissima Agreement, we were granted the right to use Christie Brinkley's endorsement, signature and other intellectual property in connection with the sale of the products. We have agreed to guarantee certain of the obligations of Bellissima Spirits under the Bellissima Agreement and to indemnify CBI and Christie Brinkley against third-party claims.

Pursuant to the Bellissima Agreement, Bellissima Spirits is obligated to pay CBI a royalty fee equal to 10% of the monthly gross sales (12.5% for sales in excess of defined Case Break Points) of Bellissima branded products payable monthly. CBI has the right to terminate the endorsement if Bellissima Spirits fails to sell at least 20,000 cases each year. In addition, upon a liquidity event of either Bellissima Spirits or our company, CBI is entitled to 22.5% of, in the case of a liquidity event of Bellissima Spirits, the net proceeds generated from such liquidity event, or in the case of a liquidity event of our company, an amount equal to 22.5% of the appraised value of Bellissima Spirits. For purposes of such agreement, the term "liquidity event" means generally, any of the following:

- a sale of all or substantially all of the assets of Bellissima Spirits or our company;
- a change of control of Bellissima Spirits or our company;
- a sale of equity following which the members of Bellissima Spirits or the stockholders of our company, immediately prior to such transaction do not own, immediately following such transaction, a majority of the voting and economic rights in Bellissima Spirits or our company; or
- a merger, consolidation or similar transaction involving Bellissima Spirits or our company, following which the members of Bellissima Spirits or the stockholders of our company, immediately prior to such transaction do not own, immediately following such transaction, a majority of the voting and economic rights in Bellissima Spirits or our company.

On April 22, 2022, pursuant to an amendment to the Bellissima Agreement, we agreed to grant CBI options to purchase 1,500,000 shares of common stock (the "CB Options"). On August 5, 2022, we issued these options at an exercise price of \$0.41, vesting equally over two years on a quarterly basis.

On October 23, 2019, United entered into a Marketing and Order Processing Services Agreement (the "Marketing Agreement") with QVC, Inc. ("QVC") pursuant to which United granted to QVC an exclusive worldwide right to promote the Bellissima Spirits products through direct response television programs. The initial license period commenced on October 23, 2019 and expires on December 4, 2021. Unless either party notifies the other party in writing at least 30 days prior to the end of the initial license period or any renewal license period of its intent to terminate the Marketing Agreement, the license continually renews for additional two-year periods. The license was automatically extended to December 4, 2023. The Marketing Agreement provides for United's payment of "Marketing Fee" (payable no less than monthly) to QVC in amounts agreed to between United and QVC from time to time.

Our Bellissima product line is owned by Bellissima Spirits, of which we, Mr. DeCicco, Ms. Faltings and an unaffiliated third party are members. Pursuant to the Bellissima Spirits Operating Agreement, upon a liquidity event of Bellissima Spirits, each of Mr. DeCicco, Ms. Faltings and the unaffiliated third party are entitled to 15.34%, 15.33% and 15.33%, respectively, of the net proceeds of such liquidity event, with us receiving the balance of such net proceeds. On April 15, 2022, we entered into a Second Amended and Restated Limited Liability Company Agreement of Bellissima Spirits, which provides that upon (i) a sale of all or substantially all of our assets, (ii) a change of control of us, (iii) a sale of equity following which our shareholders immediately prior to such transaction do not own, immediately following such transaction, a majority of the voting and economic rights in us, or (iv) a merger, consolidation or similar transaction involving us, each of Mr. DeCicco, Ms. Faltings and the unaffiliated third party will be entitled to sell their interests in Bellissima Spirits to us in exchange for the value of the equity interest in Bellissima Spirits that they would have received upon the sale of Bellissima Spirits, which value will be determined by an independent third-party appraiser.

**Distribution**

*Private Label*

Prior to our acquisition of United in July 2021, we marketed and sold our private label Hooters products pursuant to a marketing and distribution agreement entered into between us and United, effective as of April 1, 2019. Under such agreement, we had been granted the right to market and distribute the Hooters Spirits products line to (a) "Hooters" branded restaurants; (b) liquor distributors; and (c) off-premises, retail establishments (with all sales being made through distributors licensed to conduct business in the state of such sale) in the United States, Europe and Asia for a period of five years. The agreement provided for United to receive a fee of \$1.00 per case of product sold to any wholesaler for retailer distribution.

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United obtained the rights to manufacture, market, distribute and sell certain alcoholic products bearing the Hooters trademarks in North America, Europe, Asia and Australia pursuant to a brand licensing agreement that it had entered into with Hooters on July 23, 2018 (the "Hooters Agreement"). Pursuant to the Hooters Agreement, United was granted a non-exclusive license to use the "Hooters" trademarks to manufacture, market, distribute and sell certain alcoholic products bearing the Hooters trademarks in North America, Europe, Asia and Australia for a period that expired on December 31, 2020. Under the Hooter's Agreement, United paid Hooters an advance of \$30,000, and agreed to pay royalties to Hooters of 6% of net sales (as defined) of all products during the term. In addition, the agreement also provided for United's payment of a marketing contribution equal to 2% of the prior year's net sales of the licensed products. If United failed to spend the required marketing contribution in any calendar year, the deficiency would be paid to Hooters. In November of 2021, we amended the contract with Hooters, which, among other items, would allow for TopPop to produce a ready to drink product line and would discontinue the sale of the branded alcohol products.

By law, United can only sell our alcoholic products to licensed United States wholesalers or distributors. Wholesalers and distributors then sell the product to licensed retailers for "on" or "off" premise consumption. An "on" premise retailer is an establishment where the alcohol is consumed, such as a bar or restaurant, and an "off" premise retailer is an establishment where alcohol is sold for consumption elsewhere, such as a liquor store or, in some state, a supermarket. Accordingly, our products are shipped to the United States by United either directly to its distributors or to United's warehouse. Products that are shipped to United's warehouse are then shipped via ground freight to wholesalers or distributors to fulfill orders as they are placed.

We have registered trademarks in the United States associated with our BiVi and Bella Sprizz brands or products. In addition, Richard DeCicco, our Chairman of the Board and President, owns the rights to a trademark depicting an image of the Botticelli Venus that is used on certain of our Bellissima and Bella Sprizz products. We use that trademark with the permission of Mr. DeCicco.

Our other brands, such as Bellissima Prosecco and Sparkling Wines or Hooters branded spirits, are either protected under trademarks owned by the licensors or under common law use, and we use them with the licensors' permission pursuant to the agreements that we or our subsidiaries have entered into with them.

We intend to apply for new trademarks on an ongoing basis as we develop new brands or products. We regard our trademarks, service marks, copyrights, domain names, trade dress, and similar intellectual property as very important to our business.

We enforce and protect our trademark rights against third parties infringing or denigrating our trademarks by opposing registration of infringing trademarks and initiating litigation as necessary.

**Competition**

The beverage alcohol industry is highly competitive. We compete on the basis of quality, price, brand recognition and distribution strength, as well as providing consumers with unique brands with special attributes that set our brands apart from the rest. Our beverage alcohol products compete with other alcoholic and non-alcoholic beverages for consumer purchases, as well as shelf space in retail stores, restaurant presence and wholesaler attention. We compete with numerous multinational producers and distributors of beverage alcohol products, some of which have greater resources than we do. Our competitors include, but are not limited to, Gallo, Mionetto, Gruppo Campari, Constellation Brands, William Grant and Sons and Jim Beam Brands.

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As TopPop products are relatively new in the marketplace, there is not yet significant competition in the manufacturing and sale of such products to or for the account of third parties. We expect competition to intensify with the expected increase in the popularity of RTD and RTF products in flexible packaging.

**Governmental Regulation of the Wine and Spirits Industry**

The production and sale of malt, wine and spirits is subject to extensive regulation by the U.S. Department of the Treasury, Alcohol and Tobacco Tax and Trade Bureau and state liquor commissions and agencies.

In addition, most states in which our products are sold impose varying excise taxes on the sale of alcoholic beverages. Prompted by growing government budget shortfalls and public reaction against alcohol abuse, government entities often consider legislation that could potentially affect the taxation of alcoholic beverages. Excise tax rates being considered are often substantial. The ultimate effects of such legislation, if passed, cannot be assessed accurately. Any increase in the taxes imposed on our products can be expected to have a potentially adverse impact on overall sales of such products. However, the impact may not be proportionate to that experienced by distributors of other alcoholic beverages and may not be the same in every state.

The agreements we have in place with United and Dan Kay International provide the required licensing conduits that allow us to capture the sales relative to alcoholic beverages in the United States. The United States alcohol beverage business is based upon what is known as a "three-tier system." The three tiers consist of an import or supplier tier if the product is domestically produced. The second tier is the wholesale tier. The third tier is known as the retail tier, consisting of an on and off premise split. The import/supplier tier sells to the wholesale tier that then sells to the retail tier.

We possess the import/supplier tier licensing as well as the required licenses in the states in which we sell alcoholic beverages to the wholesale tier. Prior to our recent acquisition of United, we had contracted with United to facilitate the sales of our products using the licensing United has in place. This is a common third party provider relationship in the United States alcohol beverage business.

We contract with Dan-Kay International (an entity controlled by Richard DeCicco) for warehousing services for the alcohol beverage products that come to rest in the United States. Dan-Kay maintains a required New York State warehousing license. This license has a level allowing the third-party warehousing classified as "product of others."

**Employees**

As of December 31, 2022, we employed 42 full-time employees, 5 consultants and 3 part time employees. We are not a party to any collective bargaining agreements. We believe that we maintain good relations with our employees.

**Corporate History**

We were incorporated in the State of Nevada on October 21, 2005 (under the name Paw Spa, Inc.). On May 7, 2009, we changed our name to Iconic Brands, Inc.

Effective December 31, 2016, we closed on (i) a May 15, 2015 agreement to acquire a 51% interest in BiVi LLC. and (ii) a December 13, 2016 agreement to acquire a 51% interest in Bellissima Spirits LLC. These transactions involved entities under common control of our Chief Executive Officer and represented a change in reporting entity.

BiVi LLC was organized under the laws of the State of Nevada on May 4, 2015 and Bellissima Spirits LLC was organized under the laws of the State of Nevada on November 23, 2015.

On July 26, 2021, we acquired 100% of the equity of TopPop LLC, a limited liability company organized under the laws of the State of New Jersey on September 5, 2019.

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**Availability of Certain Information**

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act are available free of charge on our website, [www.iconicbrandsusa.com](http://www.iconicbrandsusa.com), as soon as reasonably practicable after the electronic filing of such reports with the Securities and Exchange Commission.

**ITEM 1A. RISK FACTORS**

*An investment in our common stock involves a high degree of risk. You should carefully consider the following risk factors and the other information in this Annual Report on Form 10-K before investing in our common stock. Our business and results of operations could be seriously harmed by any of the following risks. The risks set out below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. If any of the following events occur, our business, financial condition and results of operations could be materially adversely affected. In such case, the value and trading price of our common stock could decline, and you may lose all or part of your investment.*

**Risk Factors Related to the Business of the Company**

***We face significant risks relating to our acquisition of TopPop.***

Our acquisition of TopPop involves a number of significant risks and uncertainties that may adversely affect us, including the following:

- our inability to realize anticipated synergies or other expected benefits or cost savings;
- the diversion of financial resources to the new operations or acquired businesses;
- our failure to successfully integrate acquired systems, business processes, policies and procedures;
- our exposure to unknown liabilities and unforeseen costs that were not discovered during due diligence;
- the potential loss of key employees, suppliers or customers;
- potential delays in the opening of the new TopPop manufacturing facility due to regulatory and equipment factors, such as late issuance by the State of New Jersey of alcohol manufacturing and licensing approvals or supply chain delays in the delivery of new capital equipment;
- wars (such as the recent outbreak of hostilities between Russia and Ukraine), pandemics, weather and natural or man-made disasters; and
- other challenges associated with managing the larger, more complex and integrated combined businesses.

If one or more of these risks and uncertainties were to materialize, we could experience reduced sales, higher costs, lower profitability and other adverse impacts to our operations and businesses.

***We do not expect TopPop's sales revenue to achieve our previously anticipated growth for 2023.***

TopPop does not have purchase orders in 2023 from its two largest customers in 2021 and 2022. The loss of these customers is expected to significantly reduce our 2023 estimated sales that were projected when we acquired TopPop in July 2021, and there is no assurance that we will generate positive cash flow during 2023. Presently we project 2023 sales to be similar to 2022 sales.

The loss of TopPop's two largest customers is expected to have a significant negative impact on the value of the intangible assets recorded on our balance sheet in connection with the acquisition of TopPop in July 2021. The write down of goodwill and intangible assets for the year ended December 31, 2022 was \$15,976,877 and \$17,337,933, respectively, which has resulted in a significant reduction in our equity on our balance sheet as of December 31, 2022.

The failure of TopPop to meet our expectations since it was acquired in July 2021 has also resulted in the elimination of contingent liability of approximately \$21 million, as a result of the failure of earnout payments to the owners of TopPop at the time of the acquisition to materialize.

***We are currently in default on our 10% promissory notes, and if we are unable to resolve such default, it could have an adverse impact on our business, results of operations and financial condition and is likely to negatively impact the price of our Common Stock.***

In connection with our July 2021 acquisition of 100% of the equity of TopPop, on July 26, 2021, we issued to the sellers promissory notes in the aggregate principal amount of \$4,900,000 (the "TopPop Notes"). The TopPop Notes bear interest at the rate of 10% per annum, matured on July 26, 2022 and are secured by all of the outstanding membership interest in TopPop. Upon an event of default under the TopPop Notes, the holders of such TopPop Notes may exercise all rights and remedies available under the terms of the TopPop Notes or applicable laws, including to foreclose on certain collateral consisting of the membership interests of TopPop. On July 26, 2022, the total principal amount outstanding under the TopPop Notes was \$4,900,000, exclusive of accrued and unpaid interest.

We are currently in discussions with holders of the TopPop Notes regarding possible solutions for the payment of the TopPop Notes, including the possible extension of the maturity date of the TopPop Notes for an additional year. There can be no assurance that our discussions will be successful and if we are not successful in finding an acceptable resolution to the existing default or the impending event of default, the noteholders will be able to seek judgement for the full amount due and may seek to foreclose on our assets. If this occurs, any such remedy will have a material adverse effect on our business, results of operations and financial condition and is likely to negatively impact the price of our Common Stock. Holders of approximately \$3.55 million of these notes have agreed to extend the term until December 1, 2022, and have indicated that they will not seek cash settlement prior to August 2023. As of December 31, 2022, no further extensions have been granted by the noteholders. As of the date of this report was filed, there have been no demands for payment by the note holders.

***There is substantial doubt about our ability to continue as a going concern.***

Our cash on hand, which at March 24, 2023 was approximately \$200,000, is not expected to be sufficient to sustain our operations for the next 12 months. Our ability to continue as a going concern is dependent upon our ability in the future to generate revenue and achieve profitable operations and, in the meantime, to obtain the necessary financing to meet our obligations and repay our liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance our operations; however, there can be no certainty that such funds will be available at terms acceptable to us.

If we cannot raise the money that we need to continue to operate our business during the period indicated above, we may be forced to delay, scale back or eliminate some or all of our proposed operations. If any of these were to occur, there is a substantial risk that our business would fail. If we are unsuccessful in raising additional financing, we may need to curtail, discontinue, or cease operations. These conditions indicate the existence of material uncertainties that may cast significant doubt about our ability to continue as a going concern.

*We have a history of losses, and may not achieve or maintain profitability in the future.*

We have a history of losses and have historically raised capital to meet our needs. Our net losses for the years ended December 31, 2022 and 2021 were approximately \$30,771,000 and \$10,464,000, respectively, and our accumulated deficit as of December 31, 2022 was approximately \$70,992,000. We may sustain losses in the future as we continue to implement our business plan, and there can be no assurance that we will ever generate sufficient revenues to maintain profitability in the future.

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***If we fail to obtain the capital necessary to fund our operations, we will be unable to continue our operations and you will likely lose your entire investment.***

We will need to continue to seek capital from time to time to continue to execute our business plan. Our business or operations may change in a manner that would consume available funds more rapidly than anticipated and substantial additional funding may be required to maintain operations, fund expansion, develop new or enhanced products, acquire complementary products, business or technologies or otherwise respond to competitive pressures and opportunities. In addition, we may need to accelerate the growth of our sales capabilities and distribution beyond what is currently envisioned, and this would require additional capital. However, we may not be able to secure funding when we need it or on favorable terms. If we cannot raise adequate funds to satisfy our capital requirements, we will have to curtail or cease our operations.



*Even if we can raise additional funding, we may be required to do so on terms that are dilutive to you.*

The capital markets have been unpredictable in the recent past. The amount of capital that a company such as ours is able to raise often depends on variables that are beyond our control. As a result, we may not be able to secure financing on terms attractive to us, or at all. If we are able to consummate a financing arrangement, the amount raised may not be sufficient to meet our future needs. If adequate funds are not available on acceptable terms, or at all, our business, including our results of operations, financial condition and our continued viability will be materially adversely affected.

***We rely on one supplier for the production and supply of our wine products***

All of our wine products are produced and supplied by one supplier. While we work closely with this supplier in the development and production of our wine products, we have no long-term agreement with this supplier for the development, production or purchase of products, and our products are developed, produced and acquired by us from this supplier only through purchase orders that are negotiated on a case-by-case basis. At the current time, we have ordered, and our supplier has agreed to produce, our currently estimated needs through the end of 2022. However, if our supplier is unwilling or unable to supply to us the wine products we market and sell in the quantities we require, or at all, or otherwise elects to terminate its business relationship with us, we may not be able to obtain alternative products from other suppliers on acceptable terms, in a timely manner, or at all, and our business may be materially and adversely impacted. We do not currently have any alternative suppliers from which we can obtain the quality or quantity of wine products.

Further, any increase in distribution prices, increase in the prices charged by our single supplier or failure to perform by the supplier could cause our costs to increase or could cause us to experience short-term unavailability of our wine products. Failure to identify an alternate source of supply for these products may result in significant cost increases and an inability to provide our wine. If these events occur, it may reduce our profitability or may cause us to increase our prices. In addition, any material interruptions in our supply chain, or interruptions in service by common carriers that ship goods within our distribution channels, may result in significant cost increases and reduce sales, which could harm our business, financial condition and results of operations and may have a material adverse impact on our business.

***Widespread health developments, including the recent global COVID-19 pandemic, could materially and adversely affect our business, financial condition and results of operations.***

Our business has been, and may in the future be, impacted by the COVID-19 pandemic or similar future pandemics, in countries where we operate or our customers are located. Such impacts may include or result from recommendations or mandates from governmental authorities to close businesses, travel limitations, quarantines, as well as temporary closures or decreased operations of our facilities or the facilities of our customers, distributors or suppliers.

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Any such impacts could place limitations on our ability to execute on our business plan and materially and adversely affect our business, financial condition and results of operations. The impact of COVID-19 or similar pandemics in the future may also exacerbate other risks discussed in this annual report, any of which could have a material effect on us.

***We face risks related to our inventory, and if we fail to accurately predict demand for our products, we may face write-downs or other charges.***

We are exposed to inventory risks that may adversely affect our operating results as a result of new product launches, changes in product cycles and pricing, limited shelf-life of certain of our products, changes in consumer demand, and other factors. Demand for our products can change significantly between the time of production and the date of sale. If we are unable to accurately predict the demand for our products, we may face write-downs or other charges, which could have a material adverse effect on our business or operations.

***Disruptions in our supply chain could have a substantial adverse impact on our ability to produce our products and the cost of our raw materials.***

We are exposed to production risks, especially in the case of Bellissima Prosecco and Sparking Wines, due to weather conditions. The growing and harvesting of the grapes that we need to make our wines are directly affected by the weather conditions. Adverse weather conditions may decrease the availability of grapes thereby increasing the cost of grapes which would have a material adverse effect on our business and operations.

In addition, we produce our wines at two production facilities located in Sicily, Italy and Treviso, Italy. A disruption from fire or other catastrophic event at either of these facilities could halt production and have a material adverse effect on our financial condition.

***Contamination and degradation of product quality from diseases, pests and weather conditions may have a material adverse effect on our business and results of operation.***

Our success depends upon the positive image that consumers have of our brands and of the safety and quality of our products. Contamination, whether arising accidentally or through deliberate third-party action, or other events that harm the integrity or consumer support for our brands, could adversely affect their sales. Various diseases, pests, fungi, viruses, drought, frosts and certain other weather conditions could affect the quality and quantity of grapes and other agricultural raw materials available, decreasing the supply and quality of our products. We cannot guarantee that our grape suppliers or our suppliers of other agricultural raw materials will succeed in preventing contamination in existing vineyards or fields or that we will succeed in preventing contamination in our existing vineyards or future vineyards we may acquire. Future government restrictions regarding the use of certain materials used in growing grapes or other agricultural raw materials may increase vineyard costs and/or reduce production of grapes or other crops. It is also possible that a supplier may not provide materials or product components which meet our required standards or may falsify documentation associated with the fulfillment of those requirements.





components obtained from suppliers, may also reduce demand for our products or cause production and delivery disruptions. Contaminants or other defects in raw materials, packaging materials or product components purchased from third parties and used in the production of our wine or spirits products could lead to low beverage quality as well as illness among, or injury to, consumers of our products and may result in reduced sales of the affected brand or all our brands.

If any of our products become unsafe or unfit for consumption, are misbranded, or cause injury, we may have to engage in a product recall and/or be subject to liability and incur additional costs. A widespread product recall, multiple product recalls, or a significant product liability judgment could cause our products to be unavailable for a period, which could further reduce consumer demand and brand equity thereby adversely affecting our business and results of operations.

*Climate change and environmental regulatory compliance may have an adverse effect on our operations.*

Our business depends upon agricultural activity and natural resources. There has been much public discussion related to concerns that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. Decreased availability of our raw materials may increase the cost of goods for our products. Severe weather events or changes in the frequency or intensity of weather events can also disrupt our supply chain, which may affect production operations, insurance cost and coverage, as well as delivery of our products to wholesalers, retailers and consumers. Natural disasters such as floods and earthquakes may also negatively impact the ability of consumers to purchase our products.

We may experience significant future increases in the costs associated with environmental regulatory compliance, including fees, licenses, and the cost of capital improvements for our operating facilities to meet environmental regulatory requirements. In addition, we may be party to various environmental remediation obligations arising in the normal course of our business or relating to historical activities of businesses we acquire. Due to regulatory complexities, uncertainties inherent in litigation and the risk of unidentified contaminants in our current and former properties, the potential exists for remediation, liability and indemnification costs to differ materially from the costs that we have estimated. We may incur costs associated with environmental compliance arising from events we cannot control, such as unusually severe floods, hurricanes, earthquakes or fires. We cannot assure you that our costs in relation to these matters will not exceed our projections or otherwise have a material adverse effect upon our business, liquidity, financial condition or results of operations.

*A potential decline in the consumption of the products we sell could have a material adverse effect on our business.*

Our business depends upon consumers' consumption of our wine and spirits brands. Consumer preferences and tastes may shift due to, among other reasons, changing taste preferences, demographics or perceived value. Consequently, any material shift in consumer preferences and taste away from our, wine and spirits brands could have a negative impact on our business, liquidity, financial condition and/or results of operations. Consumer preferences may shift due to a variety of factors, including changes in demographic or social trends, public health policies, and changes in leisure, dining and beverage consumption patterns. A limited or general decline in consumption of our products could occur in the future due to a variety of factors, including:

- a general decline in economic or geopolitical conditions;
- concern about the health consequences of consuming beverage alcohol products and about drinking and driving;
- a general decline in the consumption of beverage alcohol products in on-premise establishments, such as may result from stricter laws relating to driving while under the influence of alcohol;
- the increased activity of anti-alcohol groups;
- increased federal, state, provincial and foreign excise or other taxes on beverage alcohol products and possible restrictions on beverage alcohol advertising and marketing;
- inflation; and
- wars (such as the recent outbreak of hostilities between Russia and Ukraine), pandemics, weather and natural or man-made disasters.

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Our wine products face significant competition which could adversely affect our business.

The wine industry is highly competitive. Our wines compete in several super-premium and ultra-premium wine market segments with many other domestic and foreign wines. Our wines also compete with other alcoholic and, to a lesser degree, non-alcoholic beverages, for shelf space in retail stores and for marketing focus by independent distributors, many of which carry extensive brand portfolios. In addition, the wine industry has experienced significant consolidation. Many competitors have greater financial, technical, marketing and public relations resources.

Our sales could be negatively affected by numerous factors including:

- our inability to maintain or increase prices;
- new entrants in our market or categories;
- the decision of wholesalers, retailers or consumers to purchase competitors' products instead of ours; or
- a general decline in beverage alcohol consumption due to consumer dietary preference changes or consumers substituting legalized marijuana or other similar products in lieu of beverage alcohol.

Furthermore, sales could also be affected by pricing, purchasing, financing, operational, advertising or promotional decisions made by wholesalers, state and other local agencies, and retailers which could affect their supply of, or consumer demand for, our products. We could also experience higher than expected selling, general and administrative expenses if we find it necessary to increase the number of our personnel or our advertising or marketing expenditures to maintain our competitive position or for other reasons. We cannot guarantee that we will be able to increase our prices to pass along to our customers any increased costs we incur. Our sales may be harmed to the extent we are not able to compete successfully against wine or alternative beverage producers.

***Our business depends on the effectiveness of our advertising and marketing programs, including the strength of our social media presence, to attract and retain members and subscribers.***

Our business success depends on our ability to attract and retain consumers which depends significantly on the effectiveness of our advertising and marketing practices. In addition, from time-to-time, we use brand ambassadors, spokespersons and social media influencers in our advertising and marketing programs to communicate with consumers. Actions taken by these individuals that harm their personal reputation or image, or include the cessation of using our products, could have an adverse impact on the advertising and marketing campaigns in which they are featured. We and our brand ambassadors, spokespersons and social media influencers also use social media channels as a means of communicating with consumers. Unauthorized or inappropriate use of these channels could result in harmful publicity or negative consumer experiences, which could have an adverse impact on the effectiveness of our marketing in these channels. In addition, substantial negative commentary by others on social media platforms could have an adverse impact on our reputation and ability to attract and retain members and subscribers. If our advertising and marketing campaigns do not generate a sufficient number of consumers, our business, financial condition and results of operations could be adversely affected.

***The loss of one or more of our current customers could adversely affect our results of operations.***

Our business is dependent not only on securing new customers but also on maintaining current customers. One of our customers, QVC, Inc., accounted for approximately 34% of our branded beverage segment sales and 8% of our consolidated sales for the year ended December 31, 2022. At December 31, 2022, QVC, Inc., accounted for an aggregate of approximately 20% of our consolidated accounts receivable. Unless we are able to retain our existing customers, or secure new customers if we lose one or more of our significant customers, our revenue and results of operations would be adversely affected. In addition, the default on payments by one or more of these significant customers may negatively impact our cash flow and current assets.

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***Any changes to our relationship with QVC or retail outlets may have a material adverse effect on our business.***

For the year ended December 31, 2022, we had direct response sales of approximately \$1.17 million, which represented almost all of our direct to consumer sales for the year. These sales were made pursuant to the Marketing Agreement between United and QVC, which currently extends through December 4, 2023. Our agreements with other direct retail partners are informal and therefore subject to change. If the Marketing Agreement is terminated, one or more of the direct retail partners chose to purchase fewer products, or we are forced to reduce the prices at which we currently sell our products, our sales and profits would be reduced and the business would be harmed.

***We may engage in strategic transactions that fail to enhance shareholder value.***

From time to time, we may consider possible strategic transactions, including potential acquisitions or licensing of products or technologies or acquisition of companies, and other alternatives with the goal of maximizing shareholder value. If we do complete a strategic transaction, implementation of such transaction may impair shareholder value or otherwise adversely affect our business. There can be no assurance that our acquisitions will perform as expected in the future. For example, we may be unable to successfully integrate the operations of and/or the acquired assets of the businesses we acquire into our operations and we may not realize the anticipated efficiencies and synergies of such acquisitions. In addition, acquisitions require significant managerial attention, which may be diverted from our other operations. If the businesses or products we acquire do not achieve their intended results, our business, financial condition, and results of operations could be materially and adversely affected.

***We may not be successful in hiring and retaining key employees, including executive officers.***

Our future operations and successes depend in large part upon the strength of our management team. We rely heavily on the continued service of Richard DeCicco, our Chairman of the Board and President, John Cosenza, our Chief Operating Officer, David Allen, our Chief Financial Officer, and Rosanne Faltings, our Vice President and a member of our board of directors. Accordingly, if any of such persons terminates his or her employment with us, such a departure may have a material adverse effect on our business, and our future success depends on our ability to identify, attract, hire or engage, retain and motivate other well-qualified personnel. There can be no assurance that these professionals will be available in the market, or that we will be able to retain existing professionals or to meet or to continue to meet their compensation requirements. Furthermore, the cost base in relation to such compensation, which may include equity compensation, may increase significantly, which could have a material adverse effect on us. Failure to establish and maintain an effective management team and work force could adversely affect our ability to operate, grow and manage our business.

***Our operations may be adversely affected by our failure to maintain or renegotiate supply, manufacturing or license agreements on favorable terms.***

Our business involves a number of supply, manufacturing or license agreements for brands owned by us or by other companies. There can be no assurance that we will be able to renegotiate our rights on favorable terms when these agreements expire or that they will not be terminated. Failure to renew such agreements could have an adverse impact on our business and financial results.

***Class action or other litigation relating to alcohol abuse or the misuse of alcohol could adversely affect our business.***

There has been increased public attention directed at the beverage alcohol industry, which we believe is due to concern over problems related to alcohol abuse, including drinking and driving, underage drinking and health consequences from the misuse of alcohol. Several beverage alcohol producers have been sued in several courts regarding alleged advertising practices relating to underage consumers. Adverse developments in these or similar lawsuits or a significant decline in the social acceptability of beverage alcohol products that results from these lawsuits could materially adversely affect our business.

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***Regulatory decisions and changes in the legal and regulatory environment could increase our costs and liabilities or limit our business activities.***

Our operations are subject to extensive regulatory requirements relating to production, distribution, importation, marketing, advertising, sales, pricing, labelling, packaging, product liability, antitrust, labor, pensions, compliance and control systems, and environmental issues. Changes in any such applicable laws, regulations or governmental or regulatory policies and/or practices could cause us to incur material additional costs or liabilities that could adversely affect our business. In particular, governmental bodies in jurisdictions where we operate may impose new labelling, product or production requirements, limitations on the marketing, advertising and/or promotion activities used to market beverage alcohol, restrictions on retail outlets, restrictions on importation and distribution or other restrictions on the locations or occasions where beverage alcohol is sold which directly or indirectly limit the sales of our products. Regulatory authorities may also have enforcement power that can subject us to actions such as product recalls, product seizures or other sanctions which could have an adverse effect on our sales or damage our reputation. Any changes to the regulatory environment in which we operate could also cause us to incur material additional costs or liabilities, which could adversely affect our performance.

In addition, most states in which our wines and spirits are sold impose varying excise taxes on the sale of alcoholic beverages. Prompted by growing government budget shortfalls and public reaction against alcohol abuse, government entities often consider legislation that could potentially affect the taxation of alcoholic beverages. Excise tax rates being considered are often substantial. The ultimate effects of such legislation, if passed, cannot be assessed accurately. Any increase in the taxes imposed on wines and spirits can be expected to have a potentially adverse impact on overall sales of such products. However, the impact may not be proportionate to that experienced by distributors of other alcoholic beverages and may not be the same in every state.

***We are subject to cybersecurity risks.***

Cybersecurity risks and attacks continue to increase. Cybersecurity attacks are evolving and not always predictable. Attacks include malicious software, threats to information technology infrastructure, denial-of-service attacks on websites, attempts to gain unauthorized access to data, and other breaches. Data breaches can originate with authorized or unauthorized persons. Authorized persons could inadvertently or intentionally release confidential or proprietary information, and recipients could misuse data. Such events could lead to interruption of our operations or business, unauthorized release or use of information, compromise of data, damage to our reputation, damage to our customers or vendors, and increased costs to prevent, respond to or mitigate any events.

**Risks Related to Our Common stock**

***The market price of our common stock may be volatile and may be affected by market conditions beyond our control.***

The market price of our common stock is subject to significant fluctuations in response to, among other factors:

- variations in our operating results and market conditions specific to companies in our industry;
- changes in financial estimates or recommendations by securities analysts;
- announcements of innovations or new products or services by us or our competitors;
- the emergence of new competitors;
- operating and market price performance of other companies that investors deem comparable;
- changes in our board or management;
- sales or purchases of our common stock by insiders;



- commencement of, or involvement in, litigation;
- changes in governmental regulations; and
- general economic conditions and slow or negative growth of related markets.

In addition, if the market for stocks in our industry or the stock market in general, experiences a loss of investor confidence, the market price of our common stock could decline for reasons unrelated to our business, financial condition or results of operations. If any of the foregoing occurs, it could cause the price of our common stock to fall and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and a distraction to the board of directors and management.

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*Future sales and issuances of our securities could result in additional dilution of the percentage ownership of our stockholders and could cause our share price to fall.*

We expect that significant additional capital will be needed in the future to continue our planned operations, including continuing activities as an operating public company. To the extent we raise additional capital by issuing equity securities, our stockholders may experience substantial dilution. We may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. If we sell common stock, convertible securities or other equity securities in more than one transaction, investors may be materially diluted by subsequent sales. Such sales may also result in material dilution to our existing stockholders, and new investors could gain rights superior to our existing stockholders.

*Financial reporting obligations of being a public company in the United States are expensive and time-consuming, and our management will be required to devote substantial time to compliance matters.*

As a publicly traded company we incur significant legal, accounting and other expenses. The obligations of being a public company in the United States require significant expenditures and places significant demands on our management and other personnel, including costs resulting from public company reporting obligations under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and the rules and regulations regarding corporate

governance practices, including those under the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act. These rules require the establishment and maintenance of effective disclosure and financial controls and procedures, internal control over financial reporting and changes in corporate governance practices, among many other complex rules that are often difficult to implement, monitor and maintain compliance with. In addition, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance. Our management and other personnel will need to devote a substantial amount of time to ensure that we comply with all of these requirements and to keep pace with new regulations, otherwise we may fall out of compliance and risk becoming subject to litigation or being delisted, among other potential problems.

***Our common stock is subject to the "penny stock" rules of the SEC and the trading market in the securities is limited, which makes transactions in the stock cumbersome and may reduce the value of an investment in the stock.***

Rule 15c-9 under the Exchange Act establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than \$5.00 per share or with an exercise price of less than \$5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require: (a) that a broker or dealer approve a person's account for transactions in penny stocks; and (b) the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must: (a) obtain financial information and investment experience objectives of the person and (b) make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

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The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the SEC relating to the penny stock market, which, in highlight form: (a) sets forth the basis on which the broker or dealer made the suitability determination; and (b) confirms that the broker or dealer received a signed, written agreement from the investor prior to the transaction. Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our common stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker or dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

***We have no independent directors and no board committees. This may hinder our board of directors' effectiveness in fulfilling the typical functions of a board and of committees thereof.***

Currently, we have no independent directors, nor do we have an audit committee, compensation committee or nominating and corporate governance committee at this time. Independent board members, audit committees, compensation committees and nominating and corporate governance committees with independent directors play a crucial role in the corporate governance process, assessing a company's processes relating to its risks and control environment, overseeing financial reporting, preventing self-dealing by company executives and evaluating internal and independent audit processes. The lack of an independent board or board committees prevents the board of directors from being independent from management in its judgments and decisions and its ability to pursue the board's responsibilities without undue influence. We may have difficulty attracting and retaining directors with the

requisite qualifications. If we are unable to attract and retain qualified, independent directors, the management of our business could be compromised. In addition, our board of directors does not have a “financial expert”.

*We do not intend to pay cash dividends on our shares of common stock so any returns will be limited to the value of our shares.*

We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Any return to stockholders will therefore be limited to the increase, if any, of our share price.

*Our Articles of Incorporation, as amended (“Articles of Incorporation”), our Restated Bylaws, and Nevada law may have anti-takeover effects that could discourage, delay or prevent a change in control, which may cause our stock price to decline.*

Our Articles of Incorporation, Bylaws, and Nevada law could make it more difficult for a third party to acquire us, even if closing such a transaction would be beneficial to our stockholders. We are authorized to issue up to 100,000,000 shares of preferred stock, of which 45,000 shares have been designated as Series A-2 Preferred Stock and 37,753 were issued and outstanding as December 31, 2022. Our authorized but undesignated preferred stock may be issued in one or more series, the terms of which may be determined at the time of issuance by our board of directors without further action by stockholders. The terms of any series of preferred stock may include voting rights (including the right to vote as a series on particular matters), preferences as to dividend, liquidation, conversion and redemption rights and sinking fund provisions. The issuance of any preferred stock could materially adversely affect the rights of the holders of our common stock, and therefore, reduce the value of our common stock. In particular, specific rights granted to future holders of preferred stock could be used to restrict our ability to merge with, or sell our assets to, a third party and thereby preserve control by the present management.

Provisions of our Articles of Incorporation, our Bylaws and Nevada law also could have the effect of discouraging potential acquisition proposals or making a tender offer or delaying or preventing a change in control, including changes a stockholder might consider favorable. Such provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. In particular, the Articles of Incorporation, our Bylaws and Nevada law, as applicable, among other things:

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- provide the board of directors with the ability to alter the Bylaws without stockholder approval; and
- provide that vacancies on the board of directors may be filled by a majority of directors in office, although less than a quorum.

We have identified a material weakness in our internal control over financial reporting that could, if not remediated, result in material misstatements in our financial statements.

In connection with the audit of our consolidated financial statements as of and for the year ended December 31, 2022, we have concluded that there is a material weakness relating to our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Specifically, we identified a material weakness relating to the lack of segregation of duties. Although we need to take measures to fully mitigate such material weakness, the measures we have taken, and expect to take, to improve our internal controls may not be sufficient to address the issues identified, to ensure that our internal controls are effective or to ensure that the identified material weakness will not result in a material misstatement of our annual or interim consolidated financial statements. If we are unable to correct material weaknesses or deficiencies in internal controls in a timely manner, our ability to record, process, summarize and report financial information accurately and within the time periods specified in the rules and forms of the SEC, will be adversely affected. This failure could negatively affect the market price and trading liquidity of our common stock, cause investors to lose confidence in our reported financial information, subject us to civil and criminal investigations and penalties, and materially and adversely impact our business and financial condition.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

On January 1, 2021, we executed a cancellable lease agreement with Dan Kay International for the lease of our office and warehouse space in North Amityville New York. The agreement has a term of three years from January 1, 2021 to January 1, 2024 and provides for monthly rent of \$4,893. On November 8, 2022, the rent term was extended until December 31, 2026. All other terms remained the same.

In addition, TopPop has executed a lease agreement to rent approximately 26,321 square feet of warehouse space in Marlton, NJ. The lease provides a term of five years commencing upon January 1, 2020 and terminating on December 31, 2024. The lease also provides for a monthly payment for common area use of \$4,430 and a security deposit of \$45,864.

Effective November 6, 2020, TopPop executed a lease agreement to rent approximately 14,758 square feet of warehouse space in Bellmawr, NJ. The lease provides for a lease term of two years commencing on December 1, 2020 and terminating on November 30, 2022. The lease provides for a security deposit of \$20,734. This lease has been renewed through May 2024.

Effective May 19, 2021, TopPop executed a lease agreement with Industrial Opportunities II LLC to rent approximately 63,347 square feet of warehouse space in Pennsauken, NJ. The lease provided a lease term of 76 months commencing upon September 1, 2021 and terminating on December 31, 2027. The lease provides for a security deposit to Industrial Opportunities II LLC of \$64,931.

Effective February 9, 2022, TopPop executed a lease agreement to rent approximately 82,000 square feet of warehouse space in Pennsauken, NJ. The lease provides for a lease term of 74 months, with monthly payments of approximately \$55,600 per month, commencing on February 9, 2022, and terminating on March 31, 2028. The first two months are rent-free. The lease provided for a security deposit to the landlord of \$92,250. TopPop is also required to pay an additional deposit of \$184,500, which it paid on May 31, 2022. TopPop has sublet approximately 50% of the space for \$22,500 per month.

### **ITEM 3. LEGAL PROCEEDINGS**

From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. Litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. Other than the following, we are currently not aware of any such legal proceedings or claims that will have, individually or in the aggregate, a material adverse effect on our business, financial condition or operating results.

On April 7, 2022, the Office of the Attorney General of the State of New Jersey, Department of Law and Public Safety, Division of Alcoholic Beverage Control issued to TopPop a Notice of Charges (the "Notice") wherein the New Jersey Division of Alcoholic Beverage Control Board (the "Division") alleged that TopPop has committed certain violations of its permit issued by the Division for TopPop's manufacturing facilities located in Marlton, New Jersey. In the Notice, the Division alleged that TopPop (i) allowed such manufacturing facilities to be used in furtherance of, or to aid, an illegal activity or enterprise, and (ii) sold and delivered, or allowed the sale, service, delivery and consumption, of alcoholic beverages beyond the scope of TopPop's license, and conducted business with companies outside the scope of the license in an area which was not designated or described by TopPop in its license application as a place to be licensed for such sale, service or delivery of alcoholic beverages. The total penalty sought by the Division is a 90-day suspension of TopPop's permit for that manufacturing facility.

On July 28, 2022, we entered a plea of non-vult to all charges, and received a Consent Order from the Division whereby we have agreed to pay a fine of \$63,284, which was paid on December 6, 2022. We have also submitted a Corrective Action Plan addressing measures that we will take in the future to prevent future similar offenses. As of December 31, 2022 this matter was fully resolved.

### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

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## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

#### Market Information

Our common stock is quoted on the *OTCQB* tier of the marketplace maintained by OTC Markets Group, Inc. under the symbol "ICNB".

#### Stockholders

As of March 30, 2023, there were approximately 200 stockholders of record of our common stock. The actual number of holders of our common stock is greater than this number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers or held by other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

#### Dividend Policy

We have no present intention of paying any cash dividends on our common stock in the foreseeable future, as we intend to use earnings, if any, to generate growth. The payment by us of dividends, if any, in the future, is within the discretion of our board of directors and will depend upon, among other things, our earnings, capital requirements and financial condition, as well as other relevant factors. There are no material restrictions in our Articles of Incorporation, as amended, or Bylaws that restrict us from declaring dividends. On July 18, 2022, we issued 8,810,826 shares of our common stock to satisfy a 6%, one time dividend, payable to holders of our Series A-2 Preferred Stock.

#### Recent Issuance of Unregistered Securities

On March 28, 2023, a shareholder converted 100 shares of Series A-2 Preferred into 320,000 shares of Common Stock.



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## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*Our Management's Discussion and Analysis contains not only statements that are historical facts, but also statements that are forward-looking (within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934). Forward-looking statements are, by their very nature, uncertain and risky. These risks and uncertainties include international, national and local general economic and market conditions; demographic changes; our ability to sustain, manage, or forecast growth; our ability to successfully make and integrate acquisitions; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other risks that might be detailed from time to time in our filings with the Securities and Exchange Commission.*

*You should read the following discussion and analysis of our financial condition and plan of operations together with our consolidated financial statements and the related notes appearing elsewhere in this Annual Report on Form 10-K. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included elsewhere in this Annual Report on Form 10-K. All amounts in this report are in U.S. dollars, unless otherwise noted.*

### Overview

We are engaged in the development and sale of alcohol and non-alcohol brands that are "better-for-you" ("BFY") and "better-for-the-planet". TopPop, our wholly owned subsidiary, produces low calorie, "ready to go" products, ready-to-freeze ("RTF") products and ready-to-drink ("RTD") products in sustainable, flexible and stand-up pouch packaging. TopPop also produces "cocktails-to-go" pouches and alcohol ice-pops. Our brands include "Bellissima" by Christie Brinkley, a premium BFY collection of Prosecco, Sparkling Wines, and Still Wines, all certified vegan and made with organic grapes. Bellissima is strategically positioned with its Zero Sugar Wines. United is our 100% owned subsidiary that sells our Bellissima, Bella, Sonja Sangria and other alcohol beverages to state distributors. United holds all applicable state and federal licenses in order to sell these products to state distributors in accordance with the United States three tier distribution platform.

We have expertise in developing, from product inception to wholesale distribution or direct to consumer through the QVC distribution channel, and in branding alcohol beverages for our company and for third parties. We market and place products into national distribution through long-standing industry relationships approximately 45 national or regional alcoholic beverage distributors. We currently market and sell the following product lines:

- *Bellissima Prosecco* – these products comprise a line of all-natural and vegan Prosecco and Sparkling Wines made with organic grapes, including a Zero Sugar, Zero Carb option, a DOC Brut and a Sparkling Rose. The Bellissima line of Prosecco and Sparkling Wines includes two new flavor profiles, a Zero Sugar/Zero Carb Sparkling Rose and a Rose Prosecco;
- *Bellissima Zero Sugar Still Wines* – this line of five still wines was launched in March 2022 and are certified vegan and are made with organic grapes;
- *Bella Sprizz Aperitifs* – these products comprise a line of aperitifs consisting of three different expressions, a classic Italian aperitif, an all-natural elderflower aperitif and a classic Italian bitter;
- *Sonja Sangria* – a celebrity Sangria that we have sold since the May 2021. This product is actively being marketed but does not represent a significant part of our sales;
- *Ready-to-Freeze and Ready-to-Drink Alcoholic Products* – these products are currently produced under contract for third-party national and regional brands and for our own product line; and
- *BiVi Vodka* – a celebrity-branded vodka that we have sold since 2018 under the brand "BiVi 100 percent Sicilian Vodka" and which currently does not represent a material portion of our sales.

In addition, we develop and market private label spirits for established domestic and international chains.

As a result of our July 2021 acquisition of 100% of the equity of TopPop, we are now a vertically integrated company that develops, produces and distributes alcoholic brands. TopPop is a premier product development, contract manufacturing and packaging company that specializes in flexible packaging applications in the food, beverage and health categories. It has the federal and state licenses necessary to manufacture and blend malt, wine and spirits-based products. In June 2020, TopPop opened a 27,000-square-foot FDA-approved manufacturing facility in Marlton, New Jersey with a Safe Quality Food certification. In September 2021, TopPop leased a 64,000 square foot facility for manufacturing in Pennsauken, New Jersey. Construction is now complete, and the facility reached full-scale production capability at the end of March 2022. The facility includes approximately \$4 million of high-speed packaging equipment and is expected to triple our production capacity. In February 2022, TopPop leased an 82,000 square foot warehouse in Pennsauken, NJ, approximately 50% of which is currently being sub-let.

We believe TopPop brings to us additional synergies and opportunities for cross-promoting new and existing products to a broader customer base and better positions our company to establish and support our brands and to create sustainable packaging solutions to the consumable goods market. We believe our focus on lifestyle branding and the rising "Better-for-You," "Better-for-the-Planet" consumer categories has made us a leader in developing celebrity brands worldwide, such as our Bellissima Prosecco by Christie Brinkley. Our mission is to be an industry leader in the brand development, marketing and sales of alcohol beverages and related products by capitalizing on our ability to procure products from around the world and to develop unique and innovative packaging to create brand and product line extensions. We plan to leverage our relationships to add value to our products and to create brand awareness in unbranded niche categories.

For its first product line, TopPop identified the single serve, RTD and RTF as an opportunity for product and packaging innovation. TopPop introduced an alcohol-infused ice pop in June 2020 and began marketing the concept to major alcohol companies. In addition, it developed its own product line which is expected to be sold through e-commerce platforms and wholesaled directly to sports and entertainment venues. TopPop manufactured approximately eight million ice pops from its launch in June 2020 through December 31, 2020, manufactured approximately 42 million ice pops during the year ended December 31, 2021 and manufactured approximately 40 million ice pops during the year ended December 31, 2022. We currently expect to have the capacity to manufacture over 100 million units by the end of 2023. Although we continue to believe that we benefit and will continue to benefit from the synergies and growth opportunities related to the TopPop Acquisition, during 2022 we encountered significant operational difficulties in producing large quantities of product and installing new machinery. These obstacles led to the loss of our two largest customers and an inability to achieve our targeted margins. We expect 2023 revenue to be in line with that in 2022; however this is significantly less than we originally anticipated when we acquired TopPop, and therefore we have impaired certain intangible assets related to the acquisition, along with cancelling certain contingent liabilities. TopPop does not have purchase orders in 2023 from its two largest customers in 2021 and 2022, and the loss of these customers is expected to significantly reduce our 2023 estimated sales that were projected when we acquired them in July 2021. We presently project 2023 sales to be equal to 2022 sales.

### Recent Developments

To date, TopPop's two largest customers from 2021 and 2022 have not placed any purchase orders for 2023. As a result, we anticipate a significant reduction in our sales in 2023. The loss of these customers is also expected to have a negative impact on the value of TopPop's intangible assets, which were recorded on our balance sheet following the acquisition of TopPop in July 2021. As a result, the Company recorded a write down of goodwill and intangible assets for the year ended December 31, 2022 of \$15,976,877 and \$17,337,933, respectively. Additionally, we have not met our expectations for TopPop since its acquisition, which resulted in the elimination of a contingent liability of approximately \$20.2 million for earnout payments to the previous owners of TopPop.

We remain focused on providing excellent service to our existing customers and are exploring opportunities to expand our product offerings to meet their needs. We believe that in the long-run, these efforts will help us to offset the impact of losing our two largest customers and will position TopPop for long-term success.

On March 2, 2023 the Company entered into two \$110,000 and one \$330,000 short term original Discount promissory notes with three investors totaling \$550,000, one of whom is the Company's Chairman (\$110,000 note) and two are investors in the Company. The Notes are due April 3, 2023, and the Company plans to seek an extension.

### Results of Operations for the Years Ended December 31, 2022 and 2021

#### Introduction

We had sales of \$14,745,261 and \$4,960,016 for the years ended December 31, 2022 and 2021, respectively. Our cost of sales was \$11,213,269 and \$4,628,734 for the years ended December 31, 2022 and 2021, respectively. Our operating expenses were \$20,448,948 and \$10,592,867, for the years ended December 31, 2022 and 2021, respectively. Our operating expenses consisted mostly of salaries, professional fees, royalties and fulfillment costs along with marketing and advertising costs, occupancy costs, and travel and entertainment.

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**Revenues and Net Operating Loss**

Our revenues, operating expenses, and net operating loss for the years ended December 31, 2022 and 2021 were as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021	Increase / (Decrease)
Sales	\$ 14,745,261	\$ 4,960,016	\$ 9,785,245
Cost of Sales	11,213,269	4,628,734	6,584,535
Gross Profit	<u>3,531,992</u>	<u>331,282</u>	<u>3,200,710</u>
Operating expenses:			
Officers' compensation	924,057	627,000	297,057
Professional and consulting fees	2,062,847	2,874,968	(812,121)
Royalties	210,784	160,119	50,665
Fulfillment costs	783,843	580,027	203,816
Travel and entertainment	397,083	194,785	202,298
Amortization expense	3,186,401	1,327,614	1,858,787
Payroll expenses	4,478,604	2,196,169	2,282,435
Rent and facilities expenses	2,486,847	715,350	1,771,497
Other operating expenses	4,881,862	1,828,137	3,053,725
Total general and administrative	19,412,328	10,504,169	8,908,160
Gain from the cancellation of accrued royalties	-	(577,590)	577,590
Selling and marketing	1,036,620	666,288	370,332
Total operating expenses	<u>20,448,948</u>	<u>10,592,867</u>	<u>9,856,081</u>
Net operating loss from continuing operations	(16,916,956)	(10,261,585)	(6,655,371)
Change in fair value of contingent consideration	20,204,505	-	20,204,505
Loss on impairment of goodwill	(15,976,877)	-	(15,976,877)
Loss on impairment of intangible assets	(17,337,933)	-	(17,337,933)
Gain on forgiveness of PPP loan	-	28,458	(28,458)
Interest expense	(792,833)	(271,749)	(521,084)
Other income (expense)	13,647	-	13,647
Net loss	(30,806,447)	(10,504,876)	(20,301,571)
Net loss attributable to noncontrolling interests in subsidiaries and variable interest entity	(35,385)	(40,882)	5,497
Net Loss attributable to Iconic Brands	<u>\$ (30,771,062)</u>	<u>\$ (10,463,994)</u>	<u>\$ (20,307,068)</u>

*Sales*

In 2022 and 2021, our company's sales comprised of BiVi Sicilian Vodka, Bellissima Prosecco and Sparkling Wine, Hooters brand products, and RTF TopPop products. The sales for these products were \$14,745,261 and \$4,960,016 respectively, resulting in a 197% increase of \$9,785,245. The primary reason for this increase was due to the newly acquired TopPop products, which accounted for \$9,130,606 of the total increase. This was mainly due to the full year of TopPop activity in 2022 compared to 2021.

*Cost of Sales*

For the years ended December 31, 2022 and 2021, our cost of sales was \$11,213,269 and \$4,628,734, respectively. This represented approximately 142% and 93% of sales, in 2021 and 2022, respectively. Cost of sales includes the cost of products purchased from our suppliers, freight-in costs, and import duties.

In 2022, the cost of sales for our alcohol sales was approximately 43% of those sales, which was similar to the prior year. The costs associated with TopPop acquisition were approximately 86% of TopPop sales, down from 151% in 2021. In 2021, we experienced excessive costs of sales from TopPop due to several factors, including significant labor and scrap costs from a large rework of a customer order caused by an error in blending of batched raw materials and lot coding by a TopPop vendor. We also incurred costs from the write-down of perishable inventory as the summer production season wound down, and a customer who ended production early and would not reimburse TopPop for unused raw materials.

The targeted cost of goods for TopPop products is approximately 51%, and we expect to achieve that margin in future years. To reduce labor costs, TopPop has purchased four semi-automated cartoning machines, which were installed during the end of 2022. We have also corrected the batching and coding errors made by the vendor, which have been approved by the customer.

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*Officers Compensation*

Officers' compensation was \$924,057 for the year ended December 31, 2022 and \$627,000 for the year ended December 31, 2021. This increase of \$297,057 was due to additional compensation for new officers.

*Payroll expenses*

Payroll expenses were \$4,478,604 for the year ended December 31, 2022 and \$2,196,169 for the year ended December 31, 2021. The increase of \$2,282,435 is a result of full year of TopPop operations in 2022 compared to 2021.

*Fulfillment Costs*

Fulfillment costs were \$783,843 for the year ended December 31, 2022 and \$580,027 for the year ended December 31, 2021. This increase of \$203,816 was primarily due to higher QVC sales in 2022.

*Professional and Consulting Fees*

Professional and consulting fees were \$2,062,847 for the year ended December 31, 2022, and \$2,874,968 for the year ended December 31, 2021, a decrease of \$812,121. Professional and consulting fees consist primarily of legal and, accounting services. The decrease from 2021 to 2022 was primarily related to decrease in investor relations expenses.

*Royalties and Gain from Cancellation of Accrued Royalties*

We accrued royalty expenses of \$210,784 for the year ended December 31, 2022 compared to expenses of \$160,119 and recognized a gain from the cancellation of royalties of \$577,590 for the year ended December 31, 2021. The increase in royalties was primarily due to the increase in Iconic's wine sales in 2022.

*Selling and Marketing*

Selling and Marketing expenses were \$1,036,620 and \$666,288 for the years ended December 31, 2022 and 2021, respectively, which was an increase of \$370,332, or 56%. Increase is primarily due to a full year of activities TopPop in 2022 compared to a partial period in 2021.

*Travel and Entertainment*

Travel and entertainment expenses were \$397,083 and \$194,785 for the years ended December 31, 2022 and 2021, respectively, an increase of \$202,298, or 104%, between the periods. Increase is primarily due to a full year of activities TopPop in 2022 compared to a partial period in 2021. The Company also attended more conferences in 2022.

*Other Operating Expenses*

	2022	2021	Increase (Decrease)
Late filing fee	\$ 1,057,283	\$ -	\$ 1,057,283
Bad debt expense	718,041	121,013	597,028
Depreciation	804,697	162,856	641,841
Insurance	539,429	133,109	406,320
Equity based compensation	1,055,558	890,901	164,657
Other expenses	706,854	520,258	186,596
Total other operating expenses	<u>\$ 4,881,862</u>	<u>\$ 1,828,137</u>	<u>\$ 3,053,725</u>

Other operating expenses were \$4,881,862 and \$1,828,137 for the years ended December 31, 2022 and 2021, respectively, an increase of \$3,053,725, or 167%, between the periods. The increase was primarily related to late filing penalty of \$1,057,283, increase of bad debt expense of \$597,028, increased in depreciation expense of \$641,841, increase in insurance expenses of \$406,320 and increase in stock option expense of \$164,657.

*Net Operating Loss*

We had a loss from operations of \$16,916,956 for the year ended December 31, 2022, and \$10,261,585 for the year ended December 31, 2021, an increase of \$6,655,371 or approximately 65%. Net operating loss increased as set forth above.

*Other Income (Expense)*

We had other nonoperating loss of \$13,889,491 for the year ended December 31, 2022, primarily due to loss on impairment of goodwill of \$15,976,877, loss on impairment of intangible assets \$17,337,933 and interest expense of \$792,833 partially offset by the change in fair value of contingent consideration of \$20,204,505. Other expense for the year ended December 31, 2021 consisted of interest expense of \$271,749, partially offset by gain on forgiveness of a PPP loan of \$28,458 for the year ended December 31, 2021.

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*Net (income) Loss attributable to Noncontrolling Interests in Subsidiaries*

Net income attributable to noncontrolling interests in subsidiaries represented 49% of the net income of Bellissima and BiVi (of which we own 51%) and is accounted for as a decrease in the net loss attributable to us. Net loss attributable to noncontrolling interests in subsidiaries for the year ended December 31, 2022 was \$35,385 compared to net loss of \$40,882 for the year ended December 31, 2021. With the acquisition of United, there is no longer a noncontrolling interest associated with this entity, as it is now a 100%-owned subsidiary, see note 5 in the Notes to the Consolidated Financial Statements.

*Net Loss Attributable to Iconic Brands, Inc.*

The net loss attributable to Iconic Brands, Inc. was \$30,771,062 for the year ended December 31, 2022 and \$10,463,994 for the year ended December 31, 2021, an increase of \$20,307,068 or approximately 194%. The net loss from Iconic Brands increased primarily because of the items described above.

**Liquidity and Capital Resources**

*Introduction*

During the year ended December 31, 2022, and December 31, 2021, we had negative operating cash flows. Our cash on hand as of December 31, 2022, was \$916,526. During 2022, cash used in operations was \$9,794,869. Of the equity financing that we entered into on July 26, 2021, the Company received approximately \$15.6 million, net of fees, from the first tranche and approximately \$11 million, net of fees, from the second tranche which closed on January 5, 2022. We anticipate that these needs will not be satisfied through our cash flows from operations and additional financing activities such as debt or equity financings will be required. Of the \$19,412,328 of general and administrative expenses, approximately \$5,740,000, consisting of depreciation, amortization and equity-based compensation, was non-cash related and we expect to increase sales in future periods.

*Going Concern*

Our cash, current assets, total assets, current liabilities, and total liabilities as of December 31, 2022 and December 31, 2021, respectively, are as follows:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>Change</u>
Cash	\$ 916,526	\$ 2,190,814	\$ (1,274,288)
Total Current Assets	4,323,876	4,346,003	(22,127)
Total Assets	18,358,748	50,706,656	(32,347,908)
Total Current Liabilities	12,979,087	16,650,909	(3,671,822)
Total Liabilities	17,998,506	31,593,601	(13,595,095)

Our cash decreased \$1,274,288 and total current assets decreased \$22,127. Our total current liabilities decreased \$3,671,822 primarily because of increase in accounts payable and accrued expenses. Our total liabilities decreased \$13,595,095 as a result of a change in fair value of contingent consideration, partially offset by increase in accounts payable and accrued expenses.

In order to repay our obligations in full or in part when due, we may be required to raise significant capital from other sources and to execute on our business plans for TopPop. There is no assurance, however, that we will be successful in these efforts. Please see the Risk Factors beginning on page 12 of this Annual Report Form 10-K.

**Cash Requirements**

Our cash on hand as of December 31, 2022 was \$916,526. We anticipate that funding from product sales will not be sufficient to sustain our operations for the next 12 months. We will need to raise funds through debt or equity financing ; however, there is no guarantee that we will be successful in these efforts. These conditions raise substantial doubt about the Company's ability to continue as a going concern for a period of twelve months from the filing of this document.

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[Sources and Uses of Cash](#)

*Operations*

Our net cash used in operating activities for the years ended December 31, 2022 and 2021 was \$9,794,869 and \$4,090,659, respectively, an increase of \$5,704,210. The use for operating activities included a net loss of \$30,806,447. Changes to working capital included increases of \$4,199,394 related to accounts payable and accrued expenses and \$54,161 for deferred revenue partially offset by decreases of \$1,196,995 related to accounts receivable, \$475,965 related to prepaid expenses. The net loss was further offset by non-cash transactions of \$15,976,877 loss on impairment of goodwill, \$17,337,933 loss on impairment of intangible assets and \$3,186,453 related to amortization of intangibles which was not related to the impairment write down, and \$1,055,558 of equity-based compensation partially offset by \$20,204,505 change in fair value of contingent consideration.

*Investing*

For the year ended December 31, 2022, we used cash for investing activities of \$2,519,968. For the year ended December 31, 2021, we used cash for investing activities of \$8,230,906 for the acquisition of TopPop, United and purchases of fixed assets.

*Financing*

Our net cash provided from financing activities for the year ended December 31, 2022 was \$11,040,549 compared to \$14,055,338 of cash provided by financing activities for the year ended December 31, 2021. The inflow of cash in 2022 represents proceeds from the financing transaction of approximately \$11 million, net of fees, and proceeds from notes payable of approximately \$93,000, partially offset by the payment of notes payable of \$50,776. The significant inflow of cash in 2021 resulted from proceeds from the financing transaction of approximately \$15.6 million, net of fees, and proceeds from notes payable of approximately \$976,000, partially offset by the payment of notes payable of \$2,315,380.

**Critical Accounting Policies and Estimates**

*Impairment of goodwill and intangibles*

The impairment of goodwill and intangible assets is a significant accounting estimate that necessitates the exercise of considerable judgment and the application of certain assumptions and methodologies. Impairment charges are recorded when the carrying amount of a long-lived asset, such as goodwill or intangible assets, exceeds its estimated fair value. The estimation of fair value of these assets requires a degree of subjectivity and may entail the use of complex valuation techniques, such as discounted cash flow analysis or market-based approaches. Several factors, including market conditions, changes in technology, and changes in regulations or laws, can impact the fair value of these assets. Hence, the actual fair value of an asset may differ from the estimated fair value, which could result in significant changes to the impairment charge recorded in the financial statements. Our management's estimates and assumptions are regularly reviewed and may be modified based on new information or changes in circumstances.

*Equity-Based Compensation*

Equity-based compensation is accounted for at fair value in accordance with Accounting Standards Codification ("ASC") Topic 718, "Compensation-Stock Compensation". For the years ended December 31, 2022 and 2021, stock-based compensation was \$1,055,558 and \$2,469,592 respectively.

*Revenue Recognition*

It is the Company's policy that revenues from product sales are recognized in accordance with ASC 606 "Revenue Recognition." Five basic steps must be followed before revenue can be recognized; (1) Identifying the contract(s) with a customer that creates enforceable rights and obligations; (2) Identifying the performance obligations in the contract, such as promising to transfer goods or services to a customer; (3) Determining the transaction price, meaning the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer; (4) Allocating the transaction price to the performance obligations in the contract, which requires the company to allocate the transaction price to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract; and (5) Recognizing revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer. The amount of revenue recognized is the amount allocated to the satisfied performance obligation. Adoption of ASC 606 has not changed the timing and nature of the Company's revenue recognition and there has been no material effect on the Company's financial statements.

Our revenue (referred to in our financial statements as "sales") consists primarily of the sale of wine and spirits imported for cash or otherwise agreed-upon credit terms along with ready to freeze products manufactured by us. Our customers consist primarily of retailers. Our revenue generating activities have a single performance obligation and are recognized at the point in time when control transfers and our obligation has been fulfilled, which is when the related goods are shipped or delivered to the customer, depending upon the method of distribution, and shipping terms. For sales to QVC, product shipping is treated as fulfillment charges since products are being shipped by a third-party supplier. Revenue is measured as the amount of consideration we expect to receive in exchange for the sale of our product. The Company has no obligation to accept the return of products sold other than for replacement of damaged products. Historically, the Company has not had significant amounts of damaged products to replace. Other than quantity price discounts negotiated with customers prior to billing and delivery (which are reflected as a reduction in sales), the Company does not offer any sales incentives or other rebate arrangements to customers. Revenue associated with manufacturing and packaging business is recognized at a point in time when obligations under the terms of a contract with a customer are satisfied.

**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

As a smaller reporting company, we are not required to provide the information required by this Item.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

ICONIC BRANDS, INC. AND SUBSIDIARIES  
Index to the Consolidated Financial Statements  
Years Ended December 31, 2022 and 2021

<a href="#">Report of Independent Registered Public Accounting Firm (Mazars USA LLP, Fort Washington, PA, PCAOB ID 339)</a>	F-2
<a href="#">Balance Sheets as of December 31, 2022 and 2021</a>	F-5
<a href="#">Statements of Operations for the years ended December 31, 2022 and 2021</a>	F-6
<a href="#">Statements of Stockholders' Equity for the years ended December 31, 2022 and 2021</a>	F-7
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<a href="#">Notes to Financial Statements for the years ended December 31, 2022 and 2021</a>	F-9

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Iconic Brands, Inc.

**Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheets of Iconic Brands, Inc. (the “Company”) as of December 31, 2022 and 2021, and the related consolidated statements of operations, stockholders’ equity, and cash flows, for each of the two years in the period ended December 31, 2022, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

**Substantial Doubt about the Company’s Ability to Continue as a Going Concern**

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has incurred significant operating losses and negative cash flows. The Company also has an accumulated deficit of approximately \$70.9 million at December 31, 2022. The Company is dependent on obtaining additional working capital funding from the sale of equity and/or debt securities to execute its development plans and continue operations. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans regarding those matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Basis for Opinion**

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

**Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

***Impairment Analysis***

During the year ended December 31, 2021, the Company entered into a Stock Purchase Agreement to acquire 100% of the issued and outstanding stock of TopPop LLC through a combination of cash, issuance of Company stock, assumption of promissory notes, and future additional cash payments as earnout consideration. This acquisition resulted in approximately \$16 million of goodwill and \$23 million of intangible assets.



Management performed their annual impairment analysis during the quarter ended December 31, 2022 as well as when events or circumstances indicate the fair value of the reporting unit may be below the carrying value, which occurred during the quarter ended September 30, 2022. Fair value is estimated using a combination of the income approach, utilizing a discounted cash flow analysis, and the market multiples approach, utilizing the guideline company method, with a weighting of 75% for the income approach and 25% for the market multiples approach. As disclosed by management, the determination of fair value using the income approach requires the use of significant estimates and assumptions, including forecasted revenue growth rates and discount rates. The determination of fair value using the market multiples approach requires the use of revenue and EBITDA multiples, as applicable, based on operating data from guideline publicly traded companies. If the fair value of the reporting unit is less than its carrying value, a non-cash impairment charge is recorded in an amount equal to that difference with the loss not to exceed the total amount of goodwill allocated to the reporting unit. Additionally, intangible assets subject to amortization were also reviewed for impairment. An impairment on the intangible assets shall be recognized only if the carrying amount is not recoverable and exceeds its fair value. The carrying amount of an intangible asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposal of the asset. An impairment loss shall be measured as the amount by which the carrying amount of an intangible asset exceeds its fair value.

As a result of the impairment tests performed during the quarter ended September 30, 2022, the Company recorded a loss on the impairment of goodwill of approximately \$10.7 million for this reporting unit. As a result of the annual impairment assessment, the Company concluded that there was an additional impairment of goodwill of \$5.2 million as well as impairment to its intangible assets of approximately \$17.4 million.

The principal considerations for our determination that performing procedures relating to the impairment analyses is a critical audit matter are the significant judgment by management when developing the fair value measurements of the reporting unit, which in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence related to management's significant assumptions related to forecasted revenue growth rates, forecasted EBITDA margins, discount rates, and revenue and EBITDA multiples, as applicable. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others (1) testing management's process for developing the fair value estimates of the reporting units, (2) evaluating the allocation of assets and liabilities to the reporting units, (3) evaluating the appropriateness of the income and market approaches, (4) testing the completeness and accuracy of the underlying data used in the income and market multiple approaches, and (5) evaluating the significant assumptions used by management related to forecasted revenue growth rates, forecasted EBITDA margins, discount rates, and revenue and EBITDA multiples, as applicable. Evaluating management's assumptions related to forecasted revenue growth rates and forecasted EBITDA margins involved evaluating

whether the assumptions used by management were reasonable considering (1) the current and past performance of the reporting unit, (2) the actions necessary to achieve future forecasts, (3) the consistency with external market data, and (4) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the income approach and the discount rates, as well as the selection and calculation of revenue and EBITDA multiples, as applicable.

*The primary procedures we performed to address this critical audit matter included:*

We evaluated and recomputed the methodology used in connection with the Company's impairment analysis, including review of the appropriate accounting literature, valuation model, significant assumptions used, and the completeness and accuracy of the underlying data used;

- With the assistance of our valuation specialists, we assessed the significant assumptions used by management relating to forecasted revenue growth rates, forecasted EBITDA margins, discount rates, and revenue and EBITDA multiples as applicable.;
- We assessed the appropriate interpretation and application used by management of the FASB's Accounting Standards Codification for the impairment analysis including topics ASC 350 - *Intangibles – Goodwill and Other*, ASC 360 - *Property, Plant, and Equipment*, and ASC 820 – *Fair Value Measurements and Disclosures*;
- We evaluated the reasonableness of the Company's projections of future cash flows by comparing the assumptions used in the projections to actual results and other information deemed necessary as well as tested the mathematical accuracy of the calculations;
- We evaluated the adequacy of the Company's disclosures in the financial statements related to the impairment.

/s/ Mazars USA LLP

We have served as the Company's auditor since 2021.

Fort Washington, PA  
March 31, 2023

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ICONIC BRANDS, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

		<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<b>ASSETS</b>		
Current assets:			
Cash		\$ 916,526	\$ 2,190,814
Accounts receivable		1,302,175	852,321
Inventory		1,554,693	1,228,351
Prepaid expense and other current assets		550,482	74,517
Total current assets		<u>4,323,876</u>	<u>4,346,003</u>
Right-of-use asset, net		5,086,989	3,074,864
Leasehold improvements, furniture, and equipment, net		7,462,219	5,556,964
Intangible assets		1,085,200	21,609,586
Goodwill		-	15,976,877
Other assets		400,464	142,362
Total assets		<u>\$ 18,358,748</u>	<u>\$ 50,706,656</u>
	<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:			
Accounts payable and accrued expenses		\$ 6,912,440	\$ 2,713,046

Notes payable	5,068,915	5,045,466
Factoring liability	93,249	-
Deferred revenue	189,195	135,034
Other current liabilities	45,000	132,234
Current portion of operating lease liability	670,288	380,487
Contingent consideration	-	8,244,642
Total current liabilities	12,979,087	16,650,909
Operating lease liability, long term	4,756,660	2,835,828
Notes payable, long term	262,759	147,001
Contingent consideration	-	11,959,863
Total liabilities	17,998,506	31,593,601

Stockholders' and members' equity:

Preferred stock, \$0.001 par value; authorized 100,000,000 shares:		
Series A-2, 37,753 shares issued and outstanding at December 31, 2022; 26,623 shares issued and outstanding at December 31, 2021	38	27
Common stock, \$0.001 par value; authorized 2,000,000,000 shares, 107,276,138 issued and outstanding at December 31, 2022 and 90,542,764 issued and outstanding at December 31, 2021	107,277	90,544
Additional paid-in capital	72,045,951	56,749,055
Accumulated deficit	(70,992,412)	(36,961,344)
Noncontrolling interests	(800,612)	(765,227)
Total stockholders' equity	360,242	19,113,055
Total liabilities and stockholders' equity	\$ 18,358,748	\$ 50,706,656

See accompanying notes to Consolidated Financial Statements.

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**ICONIC BRANDS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>Years Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>REVENUE</b>		
Sales	\$ 14,745,261	\$ 4,960,016
Cost of sales	11,213,269	4,628,734
Gross Profit	<u>3,531,992</u>	<u>331,282</u>
<b>OPERATING EXPENSES</b>		
General and administrative expenses	19,412,328	10,453,730
Selling and marketing	1,036,620	716,727
Gain from the cancellation of accrued royalties	-	(577,590)
Total operating expenses	<u>20,448,948</u>	<u>10,592,867</u>
Loss from operations	(16,916,956)	(10,261,585)
Other income (expense):		
Change in fair value of contingent consideration	20,204,505	-
Loss on impairment of goodwill	(15,976,877)	-
Loss on impairment of intangible assets	(17,337,933)	-
Gain on forgiveness of PPP loan	-	28,458
Interest expense	(792,833)	(271,749)
Other income, net	13,647	-
Total other expense	<u>(13,889,491)</u>	<u>(243,291)</u>

Net loss	(30,806,447)	(10,504,876)
Net loss income attributable to noncontrolling interests in subsidiaries	(35,385)	(40,882)
Net loss attributable to Iconic Brands, Inc.	\$ (30,771,062)	\$ (10,463,994)
Dividend of common stock to preferred shareholders	(3,260,006)	-
Net loss attributable to common and preferred shareholders	\$ (34,031,068)	\$ (10,463,994)
Basic and diluted loss per share	\$ (0.34)	\$ (0.22)
Weighted average number of shares outstanding - basic and diluted	<u>101,060,758</u>	<u>48,378,549</u>

*See accompanying notes to Consolidated Financial Statements.*



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**ICONIC BRANDS, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

	Series A Preferred stock		Series E Preferred stock		Series F Preferred stock		Series G Preferred stock		Series A-2 Preferred stock		Common stock		Treasury stock		Additional paid-in capital	Subtotal	Noncontrolling interests	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
<b>Balance, December 31, 2020</b>	1	1	2,115,224	2,115	2,414	2,413,750	1,475	1,475,000	-	-	17,268,881	17,269	(1,000,000)	(516,528)	22,430,430	25,822,037	(1,152,810)	(26,497,350)	(1,828,123)
Common stock and Series A-2 Preferred stock issued for cash, net of fees	-	-	-	-	-	-	-	-	18,800	19	6,711,997	6,712	-	-	15,596,654	15,603,385	-	-	15,603,385

Equity-based compensation	-	-	-	-	-	-	-	-	-	-	4,861,670	4,862	-	-	2,464,730	2,469,592	-	-	2,469,592	
Common stock issued to purchase TopPop	-	-	-	-	-	-	-	-	-	-	26,009,600	26,010	-	-	10,117,734	10,143,744	-	-	10,143,744	
Common stock issued for the exchange of Series A Preferred Stock	(1)	(1)	-	-	-	-	-	-	-	-	25,600,000	25,600	-	-	(25,599)	-	-	-	-	
Common and preferred shares issued in exchange for old Series, E, F and G Preferred shares	-	-	(2,115,224)	(2,115)	(2,189)	(2,188,750)	(1,475)	(1,475,000)	3,555	4	2,209,517	2,210	-	-	3,663,651	-	-	-	-	
Redemption of Series F Preferred stock	-	-	-	-	(225)	(225,000)	-	-	-	-	-	-	-	-	(225,000)	-	-	-	(225,000)	
Purchase of United Spirits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,428,465)	(1,428,465)	428,465	-	(1,000,000)	
Common stock issued to settle notes payable	-	-	-	-	-	-	-	-	4,268	4	547,200	547	-	-	4,438,157	4,438,708	-	-	4,438,708	
Shares issued in exchange for old warrants	-	-	-	-	-	-	-	-	-	-	8,283,899	8,284	-	-	(8,284)	-	-	-	-	
Retirement of treasury stock	-	-	-	-	-	-	-	-	-	-	(1,000,000)	(1,000)	1,000,000	516,528	(515,528)	-	-	-	-	
Exercise of warrants	-	-	-	-	-	-	-	-	-	-	50,000	50	-	-	15,575	15,625	-	-	15,625	
Net income (loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(40,882)	(10,463,994)	(10,504,876)	
<b>Balance, December 31, 2021</b>	-	-	-	-	-	-	-	-	-	26,623	27	90,542,764	90,544	-	-	56,749,055	56,839,626	(765,227)	(36,961,344)	19,113,055
Common stock and Series A-2 Preferred stock issued for Cash, net of fees	-	-	-	-	-	-	-	-	12,258	12	4,301,004	4,301	-	-	10,993,763	10,998,076	-	-	10,998,076	
Conversion of Series A-2 Preferred Stock for Common Stock	-	-	-	-	-	-	-	-	(1,128)	(1)	3,608,544	3,608	-	-	(3,607)	-	-	-	-	
Equity-based compensation	-	-	-	-	-	-	-	-	-	-	13,000	13	-	-	1,055,545	1,055,558	-	-	1,055,558	
Stock dividend issued on Series A-2 Preferred Stock	-	-	-	-	-	-	-	-	-	-	8,810,826	8,811	-	-	3,251,195	3,260,006	-	(3,260,006)	-	
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(35,385)	(30,771,062)	(30,806,447)	
<b>Balance, December 31, 2022</b>	-	-	-	-	-	-	-	-	37,753	38	107,276,138	107,277	-	-	72,045,951	72,153,266	(800,612)	(70,992,412)	360,242	

See accompanying notes to Consolidated Financial Statements.

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ICONIC BRANDS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended December 31,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (30,806,447)	\$ (10,504,876)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	804,696	119,746
Amortization of operating lease right-of-use assets	605,349	283,256
Amortization of debt discounts	-	30,032
Gain on forgiveness of PPP loan	-	(28,458)
Change in allowance for doubtful accounts	747,141	-
Provision for excess and obsolete inventory	40,000	-
Amortization of intangibles	3,186,453	1,327,614
Equity compensation	1,055,558	2,469,592
Gain from the cancellation of accrued royalties	-	(577,590)
Change in fair value of contingent consideration	(20,204,505)	-
Loss on impairment of goodwill	15,976,877	-
Loss on impairment of intangible assets	17,337,933	-
Change in operating assets and liabilities:		
Accounts receivable	(1,196,995)	4,914,745
Inventory	(366,342)	474,085
Operating lease liabilities	(406,841)	(145,571)
Accounts payable and accrued expenses	4,199,394	(2,240,393)
Prepaid expense and other current assets	(475,965)	57,012
Other assets	(258,102)	(142,362)
Other current liabilities	(87,234)	132,234
Deferred revenue	54,161	(259,725)
Net cash used in operating activities	(9,794,869)	(4,090,659)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net cash paid from acquisition of TopPop	-	(3,694,273)
Cash paid for Acquisition of United Spirits	-	(1,000,000)
Fixed assets and leasehold improvements	(2,519,968)	(3,536,633)
Net cash used in investing activities	(2,519,968)	(8,230,906)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Common stock and Series A-2 Preferred stock issued for Cash, net of fees	10,998,076	15,603,385
Net proceeds from factoring arrangement	93,249	-
Proceeds from note payable	-	976,708
Repayment of note payable	(50,776)	(2,315,380)
Proceeds from exercise of warrants	-	15,625
Redemption of Series F Preferred stock	-	(225,000)
Net cash provided by financing activities	11,040,549	14,055,338
Net (decrease) increase in cash	(1,274,288)	1,733,773
Cash at beginning of year	2,190,814	457,041
Cash at end of year	\$ 916,526	\$ 2,190,814
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS:</b>		
Cash paid for interest	\$ 309,767	\$ -
Common and preferred shares issued in exchange for old Series, E, F and G Preferred shares	\$ -	\$ 3,665,865
Purchase and retirement of treasury stock	\$ -	\$ (516,528)
Common stock issued to settle notes payable	\$ -	\$ 4,438,708
Recognition of right of use asset - operating lease	\$ 2,617,474	\$ 3,312,739
Purchase of equipment and software with promissory note	\$ 189,983	\$ -
Conversion of Series A-2 Preferred Stock for Common Stock	\$ 3,607	\$ -

See accompanying notes to Consolidated Financial Statements.

**Iconic Brands, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**Years ended December 31, 2022 and December 31, 2021**

**1. ORGANIZATION AND NATURE OF BUSINESS**

Iconic Brands, Inc., (“the Company”, or “Iconic”), was incorporated in the State of Nevada on October 21, 2005. As of December 31, 2022, the subsidiaries of Iconic are wholly-owned TopPop LLC (“TopPop”) and United Spirits Inc., (“United”), 54% owned BiVi LLC (“BiVi”) and Bellissima Spirits LLC (“Bellissima”) and 60% owned Empire Wine and Spirits LLC (“Empire”) which was organized on February 4, 2022.

BiVi is the brand owner of “BiVi 100 percent Sicilian Vodka,” and Bellissima is the brand owner of Bellissima sparkling wines. BiVi was organized in Nevada on May 4, 2015. Bellissima was organized in Nevada on November 23, 2015.

On July 26, 2021, the Company acquired 100% TopPop LLC (“TopPop”). TopPop is organized as a limited liability company in the State of New Jersey on September 5, 2019. TopPop’s primary operation is the manufacture and packaging of single-serve, shelf-stable, ready-to-freeze ice pops, both alcohols infused and non-alcoholic. TopPop began operations in December 2019 (see note 3). Also on July 26, 2021, the company purchased all the outstanding stock of United (see note 5).

Empire was organized in the State of Nevada on February 4, 2022. During the year ended December 31, 2022, Empire had no business activity or operations.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Principles of Consolidation**

The consolidated financial statements include the accounts of Iconic, its two 51% owned subsidiaries BiVi and Bellissima, its wholly owned subsidiaries United Spirits, Inc. (see Note 4), and TopPop, LLC (see Note 3) (collectively, the “Company”). All inter-company balances and transactions have been eliminated in consolidation.

The Company has continuing losses from operations, net cash used in operating activities, a working capital deficiency of \$655,211 and accumulated deficit of \$70,992,412. These conditions raise substantial doubt about the Company’s ability to continue as a going concern for a period of twelve months from the filing of this document. There are no assurances that such additional funding will be achieved and that the company will succeed in its future operations.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts of liabilities that might be necessary should the company be unable to continue as a going concern. The company’s inability to obtain required funding in the near future or its inability to obtain funding on favorable terms will have a material adverse effect on its operations and strategic development plan for future growth. If the Company cannot successfully raise additional capital and implement its strategic development plan, its liquidity, financial condition, and business prospects will be materially and adversely affected and the Company may have to cease operations.

The accompanying consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

**(b) Use of Estimates**

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

**(c) Fair Value of Financial Instruments**

Generally accepted accounting principles require disclosing the fair value of financial instruments to the extent practicable for financial instruments which are recognized in the balance sheet. The fair value of the financial instruments disclosed herein is not necessarily representative of the amount that could be realized or settled, nor does the fair value amount consider the tax consequences of realization or settlement.

In assessing the fair value of financial instruments, the Company uses a variety of methods and assumptions, which are based on estimates of market conditions and risks existing at the time. For certain instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, and notes payable, it was estimated that the carrying amount approximated fair value because of the short maturities of these instruments.

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Accounting guidance on fair value measurements requires that financial assets and liabilities be classified and disclosed in one of the following categories of the fair value hierarchy:

*Level 1* – Based on unadjusted quoted prices for identical assets or liabilities in an active market.

*Level 2* – Based on observable market-based inputs or unobservable inputs that are corroborated by market data.

*Level 3*– Based on unobservable inputs that reflect the entity’s own assumptions about the assumptions that a market participant would use in pricing the asset or liability.

We did not have any transfers between levels during the periods presented.

The following table presents changes in Level 3 asset and liability measured at fair value for the years ended December 31, 2022 and 2021:

	Contingent consideration
Balance – December 31, 2020	\$ -
TopPop Acquisition	20,204,505
Balance – December 31, 2021	20,204,505
Adjustments	(20,204,205)
Balance – December 31, 2022	-

The following table sets forth the Company’s assets and liabilities which are measured at fair value on a recurring basis by level within the fair value hierarchy. The only financial instrument measured at fair value is the contingent consideration:

	As of December 31, 2022		
	Quoted Priced in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Contingent consideration	\$ -	\$ -	\$ -

  

	As of December 31, 2021		
	Quoted Priced in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Contingent consideration	\$ -	\$ -	\$ 20,204,505

The fair value of the contingent consideration is based on the projected earnings of the business.

**(d) Cash**

The total amount of bank deposits (checking and savings accounts) that was not insured by the FDIC as of December 31, 2022 was \$96,788.

**(e) Accounts Receivable**

The Company extends unsecured credit to customers in the ordinary course of business but mitigates risk by performing credit checks and by actively pursuing past due accounts. The allowance for doubtful accounts is based on customer historical experience and the aging of the related accounts receivable. The Company has significantly increased its reserve for uncollectible accounts receivables which is attributed to two large customers of its wholly owned subsidiary TopPop LLC. Issues relating to production quality and minimum order quantities were resolved in the first quarter of 2023, resulting in negotiated lower accounts receivable balances. At December 31, 2022 and December 31, 2021, the allowance for doubtful accounts was \$747,141 and \$0, respectively.

**(f) Inventories**

Inventories are stated at the lower of cost (first-in, first-out method) or market, with due consideration given to obsolescence and to slow moving items. Inventories at December 31, 2022 and December 31, 2021 consists of cases of BiVi Vodka and cases of Bellissima sparkling wines purchased from our Italian suppliers and cases of alcoholic beverages. TopPop inventory consists of raw materials, work in process and finished goods relating to the production cycle.

**(g) Revenue Recognition**

It is the Company's policy that revenues from product sales are recognized in accordance with ASC 606 "Revenue Recognition." Five basic steps must be followed before revenue can be recognized; (1) Identifying the contract(s) with a customer that creates enforceable rights and obligations; (2) Identifying the performance obligations in the contract, such as promising to transfer goods or services to a customer; (3) Determining the transaction price, meaning the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer; (4) Allocating the transaction price to the performance obligations in the contract, which requires the company to allocate the transaction price to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract; and (5) Recognizing revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer. The amount of revenue recognized is the amount allocated to the satisfied performance obligation. Adoption of ASC 606 has not changed the timing and nature of the Company's revenue recognition and there has been no material effect on the Company's financial statements.

Our revenue (referred to in our financial statements as "sales") consists primarily of the sale of wine and spirits imported for cash or otherwise agreed-upon credit terms along with ready to freeze products manufactured by us. Our customers consist primarily of retailers. Our revenue generating activities have a single performance obligation and are recognized at the point in time when control transfers and our obligation has been fulfilled, which is when the related goods are shipped or delivered to the customer, depending upon the method of distribution, and shipping terms. For sales to QVC, product shipping is treated as fulfillment charges since products are being shipped by a third-party supplier. Revenue is measured as the amount of consideration we expect to receive in exchange for the sale of our product. The Company has no obligation to accept the return of products sold other than for replacement of damaged products. Historically, the Company has not had significant amounts of damaged products to replace. Other than quantity price discounts negotiated with customers prior to billing and delivery (which are reflected as a reduction in sales), the Company does not offer any sales incentives or other rebate arrangements to customers. Revenue associated with manufacturing and packaging business is recognized at a point in time when obligations under the terms of a contact with a customer are satisfied.

**(h) Shipping and Handling Costs**

Shipping and handling costs to deliver product to customers are reported as operating expenses in the accompanying statements of operations. Shipping and handling costs to purchase inventory are capitalized and expensed to cost of sales when revenue is recognized on the sale of product to customers.

**(i) Equity-Based Compensation**

Equity-based compensation is accounted for at fair value in accordance with Accounting Standards Codification ("ASC") Topic 718, "Compensation-Stock Compensation". For the years ended December 31, 2022 and 2021, stock-based compensation was \$1,055,558 and \$2,469,592 respectively.

**(j) Income Taxes**

Income taxes are accounted for under the assets and liability method. Current income taxes are provided in accordance with the laws of the respective taxing authorities. Deferred income taxes are provided for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is not more likely than not that some portion or all of the deferred tax assets will be realized.

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**(k) Net Loss per Share**

Basic net loss per common share is computed on the basis of the weighted average number of common shares outstanding during the period of the financial statements.

Diluted net loss per common share is computed on the basis of the weighted average number of common shares and dilutive securities (such as stock options, warrants, and convertible securities) outstanding. At December 31, 2022 and 2021, the Company had 135,500,599 and 32,564,030 potentially dilutive shares of common stock related to common stock options and warrants, respectively, as determined using the treasury stock method. Dilutive securities having an anti-dilutive effect on diluted net loss per share are excluded from the calculation.

**(l) Business Acquisition Accounting**

The Company applies the acquisition method of accounting for those that meet the criteria of a business combination. The Company allocates the purchase price of its business acquisition based on the fair value of identifiable tangible and intangible assets. The difference between the total cost of the acquisition and the sum of the fair values of acquired tangible and identifiable intangible assets less liabilities is recorded as goodwill. Transaction costs are expensed as incurred in general and administrative expenses.

**(m) Leasehold improvements, furniture, and equipment, net**

Leasehold improvements, furniture, and equipment are recorded at cost. Depreciation of furniture and fixtures is provided using the straight-line method, generally over the terms of the lease. Repairs and maintenance expenditures, which do not extend the useful lives of the related assets, are expensed as incurred. Depreciation of machinery and equipment is based on the estimated useful lives of the assets.

Schedule of estimated useful lives

	<b>Years</b>
Machinery and equipment	3 - 10
Leasehold improvements	Lesser of term of lease or useful life
Furniture and fixtures	3 - 5

**(n) Impairment of goodwill and intangibles**

The impairment of goodwill and intangible assets is a significant accounting estimate that necessitates the exercise of considerable judgment and the application of certain assumptions and methodologies. Impairment charges are recorded when the carrying amount of a long-lived asset, such as goodwill or intangible assets, exceeds its estimated fair value. The estimation of fair value of these assets requires a degree of subjectivity and may entail the use of complex valuation techniques, such as discounted cash flow analysis or market-based approaches. Several factors, including market conditions, changes in technology, and changes in regulations or laws, can impact the fair value of these assets. Hence, the actual fair value of an asset may differ from the estimated fair value, which could result in significant changes to the impairment charge recorded in the financial statements. Our management's estimates and assumptions are regularly reviewed and may be modified based on new information or changes in circumstances.

### 3. ACQUISITION OF TOPPOP

On July 26, 2021, the Company entered into an acquisition agreement (the “TopPop Acquisition Agreement”) with TopPop LLC, a New Jersey limited liability company (“TopPop”), and each of FrutaPop LLC (“FrutaPop”), Innoaccel Investments LLC (“Innoaccel”) and Thomas Martin (“Martin”) and, together with FrutaPop and Innoaccel, the “TopPop Members”), pursuant to which the TopPop Members sold to the Company and the Company acquired, all of the issued and outstanding membership interests of TopPop.

TopPop is a brand owner and contract manufacturing and packaging company specializing in flexible packaging solutions in the food, beverage and health categories. Its first branded and contract products are alcohol-infused ice pops. Its manufacturing facility in Marlton, New Jersey is registered by the Federal Drug Administration and holds a Safe Quality Food certification.

Upon consummation of the acquisition contemplated by the TopPop Acquisition Agreement, the TopPop Members received, in the aggregate: (a) \$3,694,273 in cash by transfer of immediately available funds, (b) 26,009,600 shares of Common Stock, which shares were valued in the aggregate at \$10,143,744, or \$0.39 per share, (c) \$5,042,467 aggregate principal amount of promissory notes of the Company (the “Promissory Notes”) and (d) future additional cash payments as earnout consideration (the “Total Consideration”). Under the TopPop acquisition agreement, earn-out payments, if any, were to be made (i) following the 12-month period commencing on August 1, 2021 (the “First Year”), in an amount (the “First Year Earn-out Amount”) equal to each TopPop Member’s pro rata portion of the excess, if any, of: (A) 1.96 times TopPop’s EBITDA for the First Year over (B) the aggregate amount of the Promissory Notes repaid in cash during the First Year; provided, however, no First Year Earn-out Amount shall be payable if (i)(A) does not exceed (i)(B); and (ii) following the 12-month period commencing on August 1, 2022 (the “Second Year”), in an amount (the “Second Year Earn-out Amount”) equal to each TopPop Member’s pro rata portion of the excess, if any, of: (A) 1.96 times TopPop’s EBITDA for the Second Year over (B) the aggregate amount of the Promissory Notes repaid in cash during the Second Year; provided, however, no Second Year Earn-out Amount shall be payable if (ii)(A) does not exceed (ii)(B). The earn-out payments shall be made, at the election of each TopPop Member, in cash or in shares of Common Stock or a combination thereof, less any reserve for possible indemnification payments, provided that not less than 45% of the value of each earn-out payment shall be paid in shares of Common Stock. If paid in shares of Common Stock, such shares shall be valued at the then-prevailing market rate.

The Company originally calculated the First Year Earn-out Amount to be \$8,244,642 and the Second Year Earn-out Amount to be \$11,959,863. In connection with the requirement to record the contingent consideration at fair value for every reporting period, results as of and during the year ended December 31, 2022 required the Company to conclude that the value of the contingent consideration required to be made at the end of the Second Year must be decreased. The TopPop business is a seasonal business in nature and expects its largest demand in the third quarter. During the year ended December 31, 2022, the Company did not achieve the revenues it expected. Due to the significance of the shortfall during this period, the Company concluded that a triggering event occurred and as such, the Company reassessed the underlying assumptions used in its projected earnings. As a result of that analysis, it was determined that the fair value of the contingent consideration was reduced to \$0 as of December 31, 2022. The change resulted in a gain from the change in fair value of the contingent consideration of \$0,204,505 for the year ended December 31, 2022, as stated on the Consolidated Statement of Operations.

Furthermore, TopPop does not have purchase orders in 2023 from its two largest customers in 2021 and 2022. The loss of these customers is expected to significantly reduce 2023 estimated sales that were projected when TopPop was acquired in July 2021, and there is no assurance that the Company will generate positive cash flow during 2023. The loss of TopPop’s two largest customers is expected to have a significant negative impact on the value of the intangible assets recorded on our balance sheet in connection with the acquisition of TopPop in July 2021. As a result, goodwill and intangible assets was written down by \$15,976,877 and \$17,337,933, respectively, for the year ended December 31, 2022.

The Promissory Notes bear interest at the rate of 10% per annum and mature on July 26, 2022. The Promissory Notes are not subject to pre-payment penalties; however, the Company may not pre-pay any amount on any Promissory Note without pre-paying a pro-rata portion of all Promissory Notes. In connection with the Promissory Notes, the Company granted to the TopPop Members a security interest in all of the Company’s membership interests of TopPop pursuant to certain pledge agreements with each of the TopPop Members, each dated July 26, 2021. The Promissory Notes are not convertible into equity securities of the Company. Upon an event of default, the holders may exercise all rights and remedies available under the terms of the Promissory Notes or applicable laws, including to foreclose on certain collateral consisting of the membership interests of TopPop. Holders of approximately \$3.55 million of these notes have agreed to extend the term until December 1, 2022, and have indicated that they will not seek cash settlement prior to August 2023. The Company has not received any demand for payment on any of the other notes.

The Company accounted for the Acquisition of TopPop as a business combination using the purchase method of accounting as prescribed in Accounting Standards Codification 805, Business Combinations (“ASC 805”) and ASC 820 – Fair Value Measurements and Disclosures (“ASC 820”). In accordance with ASC 805 and ASC 820, we used our best estimates and assumptions to accurately assign fair value to the tangible assets acquired, identifiable intangible assets and liabilities assumed as of the acquisition dates. Goodwill as of the acquisition date is measured as the excess of purchase consideration over the fair value of tangible and identifiable intangible assets acquired and liabilities assumed.



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*Fair value of the acquisition*

The purchase price and related purchase price allocation are as follows:

Purchase price:	
Cash, net of cash acquired	\$ 3,694,273
Fair value of common stock	10,143,744
Contingent consideration	20,204,505
Note payable	5,042,467
<b>Total purchase price</b>	<b>39,084,989</b>
Assets acquired:	
Accounts receivable	5,432,608
Furniture and equipment	1,848,580
Inventory	1,194,936
Equipment deposit	320,810
Security deposit	131,529
Tradenname / Trademarks	6,867,000
IP/Technology	849,000
Non-compete agreement	807,200
Customer Base	14,414,000
<b>Total assets acquired:</b>	<b>31,865,663</b>
Liabilities assumed:	
Accounts payable	(2,435,412)
Notes payable	(5,927,380)
Deferred revenue	(394,759)
<b>Total Liabilities assumed</b>	<b>(8,757,551)</b>
Net assets acquired	23,555,342
<b>Excess purchase price "Goodwill"</b>	<b>\$ 15,976,877</b>

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The excess purchase price has been recorded as “goodwill” included as part of “Intangible assets” in the amount of \$15,976,877. The estimated useful life of the identifiable intangible assets is four to ten years. The goodwill is amortizable for tax purposes.

See Note 16 for the required pro forma information related to the business combination.

*Changes in the value of goodwill:*

Balance of goodwill as of January 1, 2021	\$	-
Goodwill acquired in TopPop acquisition		15,976,877
Balance of goodwill as of January 1, 2022	\$	15,976,877
Impairment of goodwill		(15,976,877)
Balance of goodwill as of December 31, 2022	\$	-

*Intangible assets*

Intangible assets consist of the following:

	Estimated Useful Lives	December 31, 2022	December 31, 2021
Tradename - Trademarks	5 years	\$ 2,896,850	\$ 6,867,000
Intellectual Property	5 years	374,550	849,000
Customer Base	10 years	2,041,983	14,414,000
Non-Competes	4 years	285,884	807,200
		5,599,267	22,937,200
Less accumulated amortization		4,514,067	1,327,614
		<u>\$ 1,085,200</u>	<u>\$ 21,609,586</u>

Intangible assets are amortized on a straight-line basis over the useful lives of the assets. Amortization expense amounted to \$3,186,453 and \$1,327,614 for the years ended December 31, 2022 and 2021, respectively. Due to the events described above, the Company recorded a \$15,976,877 impairment of goodwill and \$17,337,933 impairment of intangible assets for the year ended December 31, 2022.

Future amortization of intangible assets is as follows:

Future amortization of intangible assets for the years ending December 31,	Amount
2023	\$ 302,846
2024	302,846
2025	302,846
2026	176,662
Total	<u>\$ 1,085,200</u>

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**4. UNITED SPIRITS, INC.**

Until July 26, 2021, United Spirits, Inc. a New York Corporation (“United”) was owned and managed by Mr. Richard DeCicco, the controlling shareholder and president of the Company. United provides distribution services for Iconic, BiVi and Bellissima (see Note 12e). Since the Company was deemed the primary beneficiary, United was considered a variable interest entity (“VIE”) and consolidated. On July 26, 2021, the Company entered into a securities purchase agreement with Mr. DeCicco pursuant to which the Company purchased from Mr. DeCicco, and Mr. DeCicco sold, all of the issued and outstanding capital stock of United to the Company. Pursuant to the United Purchase Agreement, upon the closing of the transactions contemplated thereby, Mr. DeCicco transferred, and the Company acquired, 100% of the issued and outstanding capital stock of United in exchange for a purchase price of \$1,000,000. The United Purchase Agreement contains customary representations, warranties and covenants of the parties thereto, and the closing of the transactions contemplated by the United Purchase Agreement was subject to the satisfaction of certain closing conditions, including, without limitation, certain approvals from various state liquor authorities. Prior to the closing of the transactions contemplated by the United Purchase Agreement, the Company marketed and sold its wine and spirits products pursuant to an exclusive marketing and distribution agreement between the Company and United. After the closing, United became a wholly owned subsidiary of the Company and reduced the noncontrolling interest by \$428,465. The \$1,000,000 payment and the \$428,465 reduction in noncontrolling interest are presented as a component of equity.

**5. LEASEHOLD IMPROVEMENTS, FURNITURE, AND EQUIPMENT, NET**

Leasehold improvements, furniture, and equipment, net consisted of the following:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Machinery and equipment	\$ 7,324,600	\$ 2,871,744
Deposits on equipment	260,701	2,480,265
Leasehold improvements	397,202	154,389
Supplies	239,407	140,004
Furniture and fixtures	152,843	36,181
	8,374,753	5,682,583
Less accumulated depreciation	(912,534)	(125,619)
	<u>\$ 7,462,219</u>	<u>\$ 5,556,964</u>

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During the year ended December 31, 2021, the Company paid a deposit of \$2,480,265 on equipment to be used at the TopPop facilities. During the year ended 2022, that equipment was placed in service.

Depreciation expense related to leasehold improvements, furniture, and equipment amounted to \$791,742 and \$119,746 for the years ended December 31, 2022 and 2021, respectively.

**6. INVENTORIES**

Inventories consisted of:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Finished goods:		
Bellissima brands	\$ 1,005,029	\$ 384,717
TopPop	202,814	728,305
Total finished goods	<u>1,207,843</u>	<u>1,113,022</u>
Work-in-process:		
TopPop	18,168	88,066
Raw materials:		
TopPop	13,379	27,263
Bellissima brands	315,303	-
Total	<u>\$ 1,554,693</u>	<u>\$ 1,228,351</u>

**7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses consisted of:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Accounts payable	\$ 5,111,079	\$ 1,367,787
Accrued officers' compensation	676,195	780,701
Accrued royalties	138,796	178,013
Accrued Commissions	204,132	88,318
Accrued interest	725,601	215,056
Other	56,637	83,171
Total	<u>\$ 6,912,440</u>	<u>\$ 2,713,046</u>

**8. NOTES PAYABLE**

The changes in notes payable consisted of:

Balance as of December 31, 2020	\$ 28,458
Issuances of principal, net	976,708
Issued as consideration in TopPop acquisition	5,042,467
Notes payable assumed in TopPop acquisition	5,927,380
Payments on principal	(2,315,380)
Settled with issuance of common stock	(4,438,708)
PPP Forgiveness	(28,458)
Balance as of December 31, 2021	<u>\$ 5,192,467</u>
Purchase of equipment with promissory note	189,983
Payments toward promissory note	(50,776)
Balance as of December 31, 2022	<u>\$ 5,331,674</u>

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During the year ended December 31, 2021, the Company issued short term, noninterest bearing notes payable to investors in the aggregate of \$976,708, net of original issue discounts of \$30,032 in the aggregate.

On July 26, 2021, the Company assumed a \$3,762,000 original issue discount note, a \$2,015,380 note to a third party, and a \$150,000 SBA note from the acquisition of TopPop. The SBA note bears an interest rate of 3.75% per annum and matures on January 22, 2051. The Company also issued a promissory note of \$5,042,467 to the former owners of TopPop as part of the purchase consideration of TopPop. The promissory note bears an interest rate of 0% per annum and matures on July 26, 2022. The Company also paid \$300,000 towards the \$976,708 of notes payable and settled the remaining \$676,708 balance and \$3,762,000 of assumed notes payable with 547,200 shares of common stock and 4,268 Series A-2 Preferred Stock for a total aggregate value of \$4,438,708.

On August 29, 2022, the Company issued a \$70,000 promissory note to a third party in exchange for machinery. Under the terms of the note, the Company will make six monthly payments beginning September 5, 2022. In the event of default, the entire balance becomes due immediately and will accrue 6% interest thereafter. As of December 31, 2022, the balance of the promissory note was \$3,332 with no accrued interest.

On October 31, 2022, the Company entered into a finance agreement with a third party to purchase internal use software for \$19,983. The Company will pay 48 installments of \$3,040 which includes principal and interest. The implied annual interest rate is approximately 5.4% for a total interest owed under the agreement of \$25,937. The balance of the finance agreement as of December 31, 2022 was \$15,875.

As of December 31, 2022, notes payable consisted of \$50,000 outstanding under the SBA note, \$23,332 outstanding under a promissory note, \$115,875 outstanding under the finance agreement and \$5,042,467 outstanding under notes held by former owners of TopPop. During the years ended December 31, 2022 and 2021, the Company recognized interest expense on notes payable of \$497,226 and \$215,056, respectively.

The future payments on principal of notes payable are as follows:

	<b>Amount</b>
Year ending December 31, 2023	\$ 5,068,915
Year ending December 31, 2024	29,357
Year ending December 31, 2025	32,200
Year ending December 31, 2026	35,332
Year ending December 31, 2027	32,676
Thereafter	133,194
<b>Total</b>	<b>\$ 5,331,674</b>

**9. FACTORING LIABILITY**

On January 10, 2022, the Company entered into a purchase and sale agreement with Prestige Capital Finance, LLC ("Prestige"). Under the agreement, Prestige has agreed to buy all of the Company's right, title, and interest in specific accounts receivable. Prestige has full recourse against the Company for advances if payments are not received for any reason. All credit risk is borne by the Company and not by Prestige. Prestige has agreed to pay a down payment to the Company of 80% of the face value of the specified receivables. The maximum outstanding balance of the advance is \$2,000,000. Prestige's final purchase price of the accounts receivable is at a discount which is deducted from the face value of each account upon collection. The discount fee is based upon the number of days the account receivable is outstanding from the date of the down payment. The discount fee ranges from 1.95% if the receivable is paid within 30 days to 5.85% if paid within 90 days, plus an additional 1.5% for each 10-day period thereafter until the account is paid in full.

The Company accounts for this agreement as a financing arrangement, with the down payments recorded as debt and repayment made when the applicable receivable is collected. As of December 31, 2022, there was an outstanding balance of \$93,249 and accrued interest of \$2,273. Interest expense for incurred during the years ended December 31, 2022 and 2021 was \$95,607 and \$0, respectively.

The outstanding balance is secured by an interest in virtually all assets of the Company, with a first security interest in accounts receivable. The balance was paid off in January 2023 and the agreement remains in effect until January 2024.

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#### **10. CAPITAL STOCK**

On July 26, 2021, the Company filed a Certificate of Designation, Preferences and Rights of the Series A-2 Convertible Preferred Stock, par value \$0.001 per share ("Series A-2 Preferred Stock") with the Secretary of State of Nevada, designating up to 45,000 shares of the Company's preferred stock as Series A-2 Preferred Stock. The holders are entitled to receive, and the Company is obligated to pay, dividends on shares of Series A-2 Preferred Stock equal (on an as-if-converted-to Common Stock basis) to and in the same form as dividends actually paid on shares of Common Stock when, as and if such dividends are paid on shares of Common Stock. The Series A-2 Preferred Stock shall have no voting rights.

On January 5, 2022, the Company closed the second tranche of the equity financing and issued 12,258 shares of Series A-2 Preferred Stock, 4,301,004 shares of Common Stock and warrants to purchase 40,018,583 shares of Common Stock for gross proceeds of approximately \$12.2 million and net proceeds of approximately \$11.0 million after deduction of placement agent commissions and expenses of the offering. Such net proceeds are expected to be used by the Company for domestic and international expansion of its Bellissima brand, the expansion of the production facilities of TopPop, new product launches, marketing, and other general working capital purposes.

During the year ended December 31, 2022, stockholders converted 1,128 shares of Series A-2 Preferred Stock into 3,608,544 shares of Common Stock, par value \$.001 per share, at \$0.31 per share.

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**Common Stock**

On July 26, 2021, the Company entered into an acquisition agreement with TopPop and each of FrutaPop LLC, Innoaccel Investments LLC and Thomas Martin (collectively, the “TopPop Members”), pursuant to which the TopPop Members sold to the Company and the Company acquired, all of the issued and outstanding membership interests of TopPop (see note 3). Upon consummation of the acquisition, the Company issued 26,009,600 shares of Common Stock, valued at \$10,143,744.

On July 26, 2021, the Company entered into an acquisition agreement with TopPop and each of FrutaPop LLC, Innoaccel Investments LLC and Thomas Martin and, together with FrutaPop and Innoaccel, pursuant to which the TopPop Members sold to the Company and the Company acquired, all of the issued and outstanding membership interests of TopPop (see note 3). Upon consummation of the acquisition, the Company issued 26,009,600 shares of common stock, valued at \$10,143,744.

The following events also occurred on July 26, 2021:

The Company sold 18,800 shares of Series A-2 Preferred stock and 6,711,997 shares of common stock for an aggregate of \$15,603,385, net of fees of \$2,808,320.

The Company issued 4,268 shares of Series A-2 Preferred Stock and 547,200 shares of Common Stock to settle \$4,438,708 of notes payable.

The Company entered into securities exchange agreements (collectively, the “Exchange Agreement”) with the holders of the Company’s outstanding (a) Series E Convertible Preferred Stock, Series F Convertible Preferred Stock and Series G Convertible Preferred Stock, and (b) Series E Common Stock Purchase Warrants, Series F Common Stock Purchase Warrants and Series G Common Stock Purchase Warrants, pursuant to which the Holders exchanged (i) all existing Preferred Stock held by each Holder for shares of Series A-2 Preferred Stock and Warrants, and (ii) all existing warrants held by each Holder for shares of Common Stock (the “Exchange”). In connection with the Exchange, the Holders exchanged all of their existing securities for an aggregate of 3,555 shares of Series A-2 Preferred Stock, warrants to purchase 14,304,880 shares of Common Stock, and 2,209,517 shares of Common Stock.

The Company entered into a securities exchange agreement dated as of July 26, 2021 (the “Series A Preferred Exchange Agreement”), with Richard DeCicco, who, at the time of execution and delivery of such agreement, was the Company’s Chief Executive Officer, Chief Financial Officer, chairman of the Company’s board of directors (the “Board”) and the holder of the Company’s one issued and outstanding share of Series A Preferred Stock. Pursuant to the Series A Preferred Exchange Agreement, Mr. DeCicco exchanged his one share of Series A Preferred Stock for 25,600,000 shares of Common Stock. Upon such exchange, the Series A Preferred Stock, which previously gave Mr. DeCicco two votes for every one vote of the Company’s outstanding voting securities, was cancelled and all contractual (or similar) rights, preferences and obligations relating to such Series A Preferred Stock became null and void and of no further effect whatsoever.

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During the year ended December 31, 2021, the Company issued and aggregate 4,861,670 shares of common stock to vendors for services and for officer's compensation. The Company recognized \$226,692 of expense related to the common stock issuances and \$242,900 of expense for the option awards.

During the year ended December 31, 2021, the Company issued 8,283,899 shares of common stock in exchange for retiring old outstanding warrants.

On July 1, 2022, under the terms of the Certificate of Designation for the Series A-2 Preferred Stock filed on July 26, 2021, the Company calculated that it is obligated to pay a one-time 6% dividend on the subscription value of the initially issued Series A-2 Preferred Stock. On July 19, 2022, the Company issued shares of Common Stock to satisfy this dividend requirement and has calculated the number of shares of Common Stock to be issued as 8,810,826 at \$0.37 per share.

On August 8, 2022, the Company issued 13,000 shares of restricted Common Stock to an employee pursuant to such employee's employment agreement.

**Warrants**

On July 31, 2021, pursuant to the Series A-2 Preferred Stock financing and the purchase of TopPop, the Company granted 14,304,880 and 73,338,203 warrants to purchase common stock, respectively. The warrants expire in five years and have an exercise price of \$0.31 per share.

In connection with the second tranche of the equity financing, on January 5, 2022, the Company granted 40,018,583 warrants to purchase Common Stock. The warrants expire in five years and have an exercise price of \$0.31 per share.

A summary of warrants activity for the period January 1, 2020, to December 31, 2021, as follows:

	Warrants	Weighted Average Exercise Price	Weighted Average Contractual Term Outstanding
Balance at December 31, 2020	10,655,198	1.12	2.31
Granted	87,643,083	0.31	4.57
Exercised	(50,000)	0.31	4.57
Expired	(400,000)	0.63	0.76
Forfeited	(10,255,198)	1.14	2.43
Outstanding at December 31, 2021	87,593,083	\$ 0.31	4.57
Granted	40,018,583	0.31	4.52
Outstanding at December 31, 2022	127,611,666	0.31	4.21

On July 26, 2021, 10,255,198 warrants were forfeited as part of the Exchange Agreement discussed above.

On December 27, 2021, an investor exercised warrants to purchase 50,000 shares of common stock at \$0.31 per share, or \$15,575.

**Options**

During the year ended December 31, 2021, the Company issued a total of 7,408,200 options to purchase common stock at exercise prices between \$0.45 and \$0.57 respectively. Commencing on the grant date, the options vest pro ratably over three years and have a life of 10 years. For the year ended December 31, 2021 the Company recorded \$242,900 in stock-based compensation expense related to options. During the year ended December 31, 2022, the Company granted 1,500,000 options to purchase common stock to a consultant at an exercise price of \$0.41 and recognized \$1,050,228 of expense for all outstanding option awards.



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The following table summarizes the activity of our stock options for the years ended December 31, 2022 and 2021:

	Shares	Weighted Average Exercise Price	Weighted Average Contractual Term Outstanding
Outstanding at December 31, 2020	-	\$ -	-
Granted	7,408,200	\$ 0.45	
Exercised	-	\$ -	
Forfeited or expired	-	\$ -	
Outstanding at December 31, 2021	<u>7,408,200</u>	\$ 0.45	9.79
Granted	1,500,000	\$ 0.41	9.60
Exercised	-	\$ -	
Forfeited or expired	(1,140,867)	\$ 0.45	8.79
Outstanding at December 31, 2022	<u>7,767,333</u>	\$ 0.45	8.95

The aggregate intrinsic value of outstanding options as of December 31, 2022 and 2021 was \$0 and \$298,544, respectively. The intrinsic value is calculated as the difference between the exercise price and the market value of the shares on the balance sheet date. The market values based on the closing bid price as of December 31, 2022 and 2021 was \$0.08 and \$0.49, respectively. The outstanding options had no aggregate intrinsic value as of December 31, 2022.

The following table summarizes the assumptions used for estimating the fair value of the stock options granted during 2022 and 2021:

	For the years ended December 31,	
	2022	2021
Expected life (years)	6	5
Dividend yield	0%	0%
Expected volatility	353.6%	369-370%
Risk free interest rates	2.83%	1.56-1.59%

As of December 31, 2022 and 2021, there was approximately \$2,154,070 and \$3,127,370, respectively, of unrecognized compensation cost related to unvested stock options granted and outstanding, net of estimated forfeitures. The cost is expected to be recognized on a weighted average basis over a period of 1.74 years.

## 11. INCOME TAXES

No income taxes were recorded in the years ended December 31, 2022 and 2021 since the Company had taxable losses in these periods.

The provision for (benefit from) income taxes differs from the amount computed by applying the statutory United States federal income tax rate of 21% for the periods presented to income (loss) from continuing operations before income taxes. The sources of the difference are as follows:

	For the year ended December 31,	
	2022	2021
Expected tax rate at 21%	(6,461,438)	(2,196,879)
Non deductible stock based compensation	-	518,614
Purchase price adjustments and impairments	(887,802)	-
State tax net of federal benefit	(150,250)	(954,062)
Change in state tax rate	-	(1,077,991)
Other	(3,743)	(174,171)
Increase (decrease) in valuation allowance	7,503,233	3,884,489
Provision for income taxes	<u>-</u>	<u>-</u>

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Significant components of the Company's deferred income tax assets are as follows:

	For the Years Ended December 31,	
	2022	2021
Net operating loss carry forwards	\$ 8,172,229	\$ 4,368,423
Stock based compensation	4,825,198	4,536,393
Intangibles	4,945,009	(155,470)
Accrued Compensation	(35,187)	(11,049)
ROU Assets	(737,468)	39,762
Fixed assets	(918,004)	(29,516)
Other	(14,503)	(14,504)
Total deferred tax assets	\$ 16,237,274	\$ 8,734,039
Valuation allowance	(16,237,274)	(8,734,039)
Deferred tax assets - net	\$ -	\$ -

Based on management's present assessment, the Company has not yet determined that a deferred tax asset attributable to the future utilization of the net operating loss carryforward as of December 31, 2022 will be realized. Accordingly, the Company has maintained a 100% valuation allowance against the deferred tax asset in the financial statements at December 31, 2022. The Company will continue to review this valuation allowance and make adjustments as appropriate. The change in the valuation allowance from 2021 to 2022 is an increase of \$7,503,234.

As of December 31, 2022, the Company had federal and apportioned state net operating loss carry forwards of \$8,154,000 of federal and \$19,658,000, respectively, which may be used to offset future taxable income. Approximately \$1,521,000 of the federal NOL's will begin to expire in 2031 while \$6,633,000 will not expire.

Current United States income tax laws limit the amount of loss available to be offset against future taxable income when a substantial change in ownership occurs. Therefore, the amount available to offset future taxable income may be limited.

The Company's policy is to record interest and penalties associated with unrecognized tax benefits as additional income taxes in the statement of operations. As of December 31, 2022 and 2021 the Company had no unrecognized tax benefits. There were no changes in the Company's unrecognized tax benefits during the years ended December 31, 2022 and 2021. The Company did not recognize any interest or penalties during fiscal 2022 or 2021 related to unrecognized tax benefits.

Tax years 2018-2022 remain open to examination for federal income tax purposes and by other major taxing jurisdictions to which the Company is subject.

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**12. LEASES**

On January 1, 2021, Iconic, executed a cancellable Lease Agreement with Dan Kay International (an entity controlled by Richard DeCicco) for the lease of the Company's office and warehouse space in North Amityville New York. The agreement has a term of three years from January 1, 2021 to January 1, 2024 and provides for monthly rent of \$8,893. On November 8, 2022, the rent term was extended until December 31, 2026. All other terms remained the same.

On November 12, 2019, TopPop LLC executed a lease agreement with Plymouth 4 East Stow LLC to rent approximately 26,321 square feet of warehouse space in Marlton, NJ. The lease provided a term of five years commencing upon January 1, 2020 and terminating on December 31, 2024. The lease also provided for a monthly payment to Plymouth 4 East Stow LLC for common area use of \$4,430 and a security deposit to the Landlord of \$45,864.

Effective November 6, 2020, TopPop LLC executed a lease agreement with Warehouse4Biz LLC to rent approximately 14,758 square feet of warehouse space in Bellmawr, NJ. The lease provided a lease term of two years commencing upon December 1, 2020 and terminating on November 30, 2022. The lease provided a security deposit to Warehouse4Biz LLC of \$20,734.

Effective May 19, 2021, TopPop LLC executed a lease agreement with Industrial Opportunities II LLC to rent approximately 63,347 square feet of warehouse space in Pennsauken, NJ. The lease provided a lease term of 76 months commencing upon September 1, 2021 and terminating on December 31, 2027. The lease provided a security deposit to Industrial Opportunities II LLC of \$64,931.

Effective February 9, 2022, TopPop executed a lease agreement to rent approximately 82,000 square feet of warehouse space in Pennsauken, NJ. The lease provided a lease term of 74 months (the first two months are rent free) commencing upon February 9, 2022 and terminating on March 31, 2028. The lease provided a security deposit to the landlord of \$92,250. Per the lease agreement, TopPop was also required to post an additional deposit of \$184,500. On May 31, 2022, TopPop sent the deposit to an escrow account held by the landlord's counsel.

At December 31, 2022, the future undiscounted minimum lease payments under the noncancellable leases are as follows:

	<b>As of December 31,</b>
	<b>2022</b>
Year ending December 31, 2023	\$ 1,168,312
Year ending December 31, 2024	1,201,600
Year ending December 31, 2025	1,235,886
Year ending December 31, 2026	1,271,201
Year ending December 31, 2027	1,248,889
Year ending December 31, 2028	325,461
Thereafter	1,099,614
Total undiscounted finance lease payments	\$ 7,550,963
Less: Imputed interest	2,124,015
Present value of finance lease liabilities	\$ 5,426,948

The operating lease liabilities of \$5,426,948 and \$3,216,315 as of December 31, 2022 and 2021, respectively, represents the discounted (at a 10% estimated incremental borrowing rate) value of the future lease payments at December 31, 2022 and 2021. The Company's weighted-average remaining lease term relating to its operating leases is 4.90 years.

For the years ended December 31, 2021 and 2020, occupancy expense attributed to these leases were \$1,085,044 and \$424,523, respectively.

**13. COMMITMENTS AND CONTINGENCIES**

**a. Iconic Guarantees**

On May 26, 2015, BiVi entered into a License Agreement with Neighborhood Licensing, LLC (the "BiVi Licensor"), an entity owned by Chazz Palminteri ("Palminteri"), to use Palminteri's endorsement, signature and other intellectual property owned by the BiVi Licensor. The Company has agreed to guarantee and act as surety for BiVi's obligations under certain sections of the License Agreement and to indemnify the BiVi Licensor and Palminteri against third party claims.

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On November 12, 2015, Bellissima entered into a License Agreement with Christie Brinkley, Inc. (the “Bellissima Licensor”), an entity owned by Christie Brinkley (“Brinkley”), to use Brinkley’s endorsement, signature, and other intellectual property owned by the Bellissima Licensor. The Company has agreed to guarantee and act as surety for Bellissima’s obligations under certain sections of the License Agreement and to indemnify the Bellissima Licensor and Brinkley against third party claims.

**b. Royalty Obligations of BiVi and Bellissima**

Pursuant to the License Agreement with the Bivi Licensor (see Note 12a. above), BiVi is obligated to pay the BiVi Licensor a Royalty Fee equal to 5% of monthly gross sales of BiVi Brand products payable monthly subject to an annual Minimum Royalty Fee of \$100,000 in year 1, \$150,000 in year 2, \$165,000 in year 3, \$181,500 in year 4, \$199,650 in year 5, and \$219,615 in year 6 and each subsequent year. The Minimum Royalty Fee has been waived until such time as the parties agree to reinstate the Minimum Royalty Fee. As of the date of this filing, the Minimum Royalty Fee was not reinstated.

Pursuant to the License Agreement and Amendment No. 1 to the License Agreement effective September 30, 2017 with the Bellissima Licensor (see Note 11a. above), Bellissima is obligated to pay the Bellissima Licensor a Royalty Fee equal to 10% of monthly gross sales (12.5% for sales in excess of defined Case Break Points) of Bellissima Brand products payable monthly. The Bellissima Licensor has the right to terminate the endorsement if Bellissima fails to sell 10,000 cases of Bellissima Brand products in year 1, 15,000 cases in year 2, or 20,000 cases in year 3 and each subsequent year. These appropriate thresholds were met during the year.

**c. Brand Licensing Agreement relating to Hooters Marks**

On July 23, 2018, United executed a Brand Licensing Agreement (the “Hooters Agreement”) with HI Limited Partnership (the “Licensor”). The Hooters Agreement provides United a license to use certain “Hooters” Marks to manufacture, market, distribute, and sell alcoholic products.

On November 1, 2021, the Company amended its agreement with Hooters (the “Amended Hooters Agreement”) which will be effective until December 31, 2025 with an option to extend until 2028. Under the Amended Hooters Agreement, the Company must pay Hooters 10% of net sales of all products during the term.

**d. Marketing and Order Processing Services Agreement**

During October 2019, United executed a Marketing and Order Processing Services Agreement (the “QVC Agreement”) with QVC, Inc. (“QVC”). Among other things, the Agreement provides for United’s grant to QVC of an exclusive worldwide right to promote the Bellissima products through direct response television programs.

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The Initial License Period commenced October 2019 and expires in December 2021 (i.e., two years after first airing of a Bellissima product). Unless either party notifies the other party in writing at least 30 days prior to the end of the Initial License Period or any Renewal License Period of its intent to terminate the QVC Agreement, the License continually renews for additional two-year periods. In January 2022, the license renewed for another two years.

The QVC Agreement provides for United's payment of "Marketing Fees" (payable no less than monthly) to QVC in amounts agreed to between United and QVC from time to time. For the years ended December 31, 2022 and 2021, the marketing fees expense was \$438,186 and \$292,562, respectively, and the direct response sales generated from QVC programs was \$1,172,005 and \$1,599,732, respectively.

**e. Concentration of sales**

For the year ended December 31, 2022 and 2021, sales consisted of:

	<u>2022</u>	<u>2021</u>
Bellissima product line:		
QVC direct response sales	\$ 1,172,005	\$ 1,599,732
Other	2,250,531	1,112,499
Total Bellissima	3,422,536	2,712,231
TopPop	11,322,725	2,192,119
Hooters product line	-	55,666
<b>Total</b>	<b>\$ 14,745,261</b>	<b>\$ 4,960,016</b>

Accounts receivable due from QVC direct response sales was \$27,933 and \$227,617 as of December 31, 2022 and 2021, respectively.

**f. Commission Agreements**

On July 10, 2019, the Company executed a Commission Agreement with CAA-GBA USA, LLC ("CCA-GBG"). The agreement provides CCA-GBG to receive 5% revenue generated with respect to the co-packing or related manufacturing deal for Anheuser-Busch, LLC. Additionally, CAA-GBG is also entitled to receive 5% of revenue for new business identified. The initial agreement expires on July 31, 2021 and automatically renews every year. The Company has decided to keep this agreement in place and no commissions were incurred under this agreement since the date of acquisition of TopPop (July 26, 2021) through May 2022. On May 23, 2022, CAA-GBG received notice of termination and the Commission Agreement ended on July 31, 2022.

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Effective December 11, 2019, the Company executed a Commission Agreement with Christopher J. Connolly. Mr. Connolly had agreed to provide sales representation services to Company for alcohol ice pop packing opportunities in exchange for commission. The agreement provides a commission 5% of gross revenue collected. The initial term is one year from the effective date. The agreement will renew automatically for 1-year terms unless the agreement is terminated. The Company has decided to keep this agreement in place and no commissions were incurred under this agreement since the date of acquisition of TopPop (July 26, 2021) through December 31, 2022.

**14. RELATED PARTY TRANSACTIONS**

On July 26, 2021, the Company entered into a securities purchase agreement with Mr. Richard DeCicco, Chairman, pursuant to which the Company purchased from Mr. DeCicco, and Mr. DeCicco sold, all of the issued and outstanding capital stock of United (See Note 4).

On December 6, 2019 the Company executed a Financial Services Agreement with InnoAccel Solutions ("InnoAccel"), LLC, a controlling member of the Toppop. InnoAccel had agreed to provide financial and administrative services for the company in exchange for hourly compensations.

The Company has agreed to keep this agreement in place and for the years ended December 31, 2022 and 2021 the company has recorded consulting expense of \$82,894 and \$75,000, respectively.

**15. SEGMENT REPORTING**

FASB Codification Topic 280, Segment Reporting, establishes standards for reporting financial and descriptive information about an enterprise's reportable segments. The Company has two reportable segments: sale of branded alcoholic beverages and specialty packaging. The segments are determined based on several factors, including the nature of products and services, the nature of production processes, customer base, delivery channels and similar economic characteristics.

An operating segment's performance is evaluated based on its pre-tax operating contribution, or segment income. Segment income is defined as net sales less cost of sales, segment selling, general and administrative expenses, research and development costs and stock-based compensation. It does not include other charges (income), net and interest and other, net.

	<u>Branded Beverages</u>	<u>Specialty Packaging (TopPop)</u>	<u>Corporate</u>	<u>Total</u>
Balance sheet at December 31, 2022				
Assets	\$ 3,460,100	\$ 14,898,648	\$ -	\$ 18,358,748
Liabilities	\$ 3,919,403	\$ 14,079,102	\$ -	\$ 17,998,505
Balance sheet at December 31, 2021				
Assets	\$ 2,925,694	\$ 47,780,962	\$ -	\$ 50,706,656
Liabilities	\$ 2,447,005	\$ 29,146,596	\$ -	\$ 31,593,601
Income Statement for the years ended December 31, 2022:				
Net Sales	\$ 3,422,536	\$ 11,322,725	\$ -	\$ 14,745,261
Cost of sales	\$ 1,476,568	\$ 9,736,701	\$ -	\$ 11,213,269
Total operating expenses	\$ 5,738,630	\$ 12,670,544	\$ 2,039,774	\$ 20,448,948
Loss from operations	\$ (3,792,662)	\$ (11,084,520)	\$ (2,039,774)	\$ (16,916,956)
Interest expense	\$ -	\$ 792,833	\$ -	\$ 792,833
Depreciation and amortization	\$ 14,697	\$ 789,999	\$ -	\$ 804,696
Change in fair value of contingent consideration	\$ -	\$ 20,204,505	\$ -	\$ 20,204,505
Loss on impairment of goodwill	\$ -	\$ (15,976,877)	\$ -	\$ (15,976,877)
Loss on impairment of intangible assets	\$ -	\$ (17,337,933)	\$ -	\$ (17,337,933)
Income Statement for the year ended December 31, 2021				
Net Sales	\$ 2,767,897	\$ 2,192,119	\$ -	\$ 4,960,016
Cost of Goods Sold	\$ 1,312,763	\$ 3,315,971	\$ -	\$ 4,628,734
Total operating expenses	\$ 3,806,375	\$ 3,444,754	\$ 3,341,738	\$ 10,592,867
Loss from operations	\$ (2,351,241)	\$ (4,568,606)	\$ (3,341,738)	\$ (10,261,585)
Interest expense	\$ -	\$ 238,607	\$ -	\$ 238,607
Depreciation and amortization	\$ 1,742	\$ 1,485,618	\$ -	\$ 1,487,360

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16. PROFORMA FINANCIAL STATEMENTS (UNAUDITED)

*Unaudited Supplemental Pro Forma Data*

Unaudited pro forma results of operations for the year ended December 31, 2021 as though the company acquired TopPop on January 1, 2021 is set forth below.

	Year Ended December 31, 2021
Sales	\$ 14,853,763
Cost of sales	11,077,756
Gross Profit	3,776,007
General and administrative expenses	11,123,461
Selling and marketing	998,741
Total Operating expenses	12,122,202
Operating Loss	(8,346,195)
Other (Expense) Income	-
Change in fair value of contingent consideration	-
Loss on impairment of goodwill	-
Loss on impairment of intangible assets	-
Interest expense	(448,024)
Gain on forgiveness of PPP loan	(28,458)
Total Other Expense	(476,482)
Net loss	\$ (8,822,677)
Net loss attributable to noncontrolling interests in subsidiaries	(40,882)
Dividend of common stock to preferred shareholders	-
Net loss attributable to common and preferred shareholders:	\$ (8,781,795)
Basic and Diluted Loss Per Common Share	\$ (0.10)
Weighted Average Shares Outstanding – basic and diluted	87,715,476

These pro forma results are based on estimates and assumptions, which the Company believes are reasonable. They are not necessarily indicative of our consolidated results of operations in future periods or the results that actually would have been realized had we been a combined company during the periods presented.

17. SUBSEQUENT EVENTS

On March 2, 2023 the Company entered into two \$110,000 and one \$330,000 short term original Discount promissory notes with three investors totaling \$550,000, one of whom is the Company's Chairman (\$110,000 note) and two are investors in the Company. The Notes are due April 3, 2023 and the Company plans to seek an extension.

On March 21, 2023, the Company issued 1,000,000 stock options to a sales consultant with an exercise price of \$0.3125, vesting in 90 days with a five year term.

On March 28, 2023, a shareholder converted 100 shares of Series A-2 Preferred Shares into 320,000 shares of Common Stock.

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**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

Not applicable.

**ITEM 9A. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures.**

We carried out an evaluation, under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined) in Exchange Act Rules 13a – 15(c) and 15d – 15(e). Based upon that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that, as of the end of the period covered in this report, our disclosure controls and procedures were not effective to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Our Principal Executive Officer and Principal Financial Officer do not expect that our disclosure controls or internal controls will prevent all error and all fraud. Although our disclosure controls and procedures were designed to provide reasonable assurance of achieving their objectives and our Principal Executive Officer and Principal Financial Officer have determined that our disclosure controls and procedures are effective at doing so, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that the objectives of the system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented if there exists in an individual a desire to do so. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Furthermore, smaller reporting companies face additional limitations. Smaller reporting companies employ fewer individuals and find it difficult to properly segregate duties. Often, one or two individuals control every aspect of our operation and are in a position to override any system of internal control. Additionally, smaller reporting companies tend to utilize general accounting software packages that lack a rigorous set of software controls.



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**Management's Annual Report on Internal Control over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Management, with the participation of our President and Chief Financial Officer, evaluated the effectiveness of our internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria set forth by the committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. We have identified the following material weakness:

As of December 31, 2022, we did not maintain effective controls over the control environment. We are a smaller reporting company with only three full time financial employees and lack the ability to have adequate segregation of duties and adequate oversight of the financial statement preparation process. Further, the Board of Directors does not currently have any independent members and no director qualifies as an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K. Since these entity level controls have a pervasive effect across the organization, management has determined that these circumstances constitute a material weakness.

To address these internal control deficiencies, management performed additional analyses and other procedures to ensure that the financial statements included herein fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented.

We have been working and are currently working to remediate the material weaknesses described above, including assessing the need for additional remediation steps and implementing additional measures to remediate the underlying causes that gave rise to the material weaknesses by (i) adding additional personnel in the future when working capital permits and (ii) working with our independent registered public accounting firm to refine our internal procedures.

Management is continually evaluating the internal controls and makes improvements on an ongoing basis. Where necessary the Company proactively provides additional resources and consultants to make such improvements. Our inability to remedy any additional deficiencies or material weaknesses that may be identified in the future could, among other things, have a material adverse effect on our business, results of operations and financial condition, as well as impair our ability to meet our quarterly, annual and other reporting requirements under the Securities Exchange Act of 1934 in a timely manner, and require us to incur additional costs or to divert management resources.

Because of these material weaknesses, management has concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2022 based on the criteria established in "Internal Control-Integrated Framework" issued by the COSO.

**Independent Registered Accountant's Internal Control Attestation**

This Annual Report on Form 10-K does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to the exemption provided to issuers that are not "large accelerated filers" nor "accelerated filers" under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

**Changes in Internal Control Over Financial Reporting**

There has been no change in the Company's internal control over financial reporting through the date of this report or during the twelve months ended December 31, 2022, that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

On March 29, 2023, Tom Martin was removed in his capacity as interim Chief Executive Officer, and was replaced by Richard DeCicco, who reassumed his role of Chief Executive Officer on a full-time basis. Mr. DeCicco's employment will continue to be governed by the employment agreement previously in place.

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.**

Not applicable.

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**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The following table sets forth the names, ages and biographical information of each of our current directors and executive officers, and the positions within our company held by each person. Our directors serve a one-year term until their successors are elected and qualified, or until such director's earlier death, resignation or removal. Our executive officers are appointed annually by our board of directors and serve at the pleasure of our board.

<b>Name</b>	<b>Age</b>	<b>Position(s)</b>
Richard DeCicco	64	Chief Executive Officer, President and Chairman of the Board of Directors
David Allen	68	Chief Financial Officer

John Cosenza	54	Chief Operating Officer
Roseann Faltings	64	Director

**Richard DeCicco** has served as our President and Chairman of our board since July 2021. On March 29, 2023, Mr. DeCicco reassumed the role of our Chief Executive Officer. Mr. DeCicco previously served as our Chief Executive Officer from 2007 until July 2021. With over 43 years of experience in the global liquor industry, Mr. DeCicco has been a senior executive and a leader in the wine and spirits industry. Previously, Mr. DeCicco served as President of Harbrev Imports Ltd. since its inception in 1999. From September 1997 until 1999, Mr. DeCicco was a consultant for individuals entering the alcohol beverage business. From May 1990 until September 1997, Mr. DeCicco was the Chief Executive Officer and President of Harbor Industries, a production facility. In addition to having been the national provider for The Paddington Corporation brands from 1990 to 1997, Mr. DeCicco pioneered what is now known within the field as Value Added Packaging. We believe Mr. DeCicco is qualified to serve as a member of our board because of his experience in and relationships within the industry.

**John Cosenza** has served as our Chief Operating Officer since July 2021, and prior to that was employed by us in an advisory role since April 2021. Mr. Cosenza started his career at Anheuser-Busch (“AB”) in April 2000 as Senior Corporate Social Responsibility Manager, until December 2008. From January 2009 until February 2010, Mr. Cosenza served as District Manager at AB. From February 2021 then served as Category Manager at AB from February 2020 until March 2021. Mr. Cosenza has an MBA in finance from Long Island University, and a bachelor’s degree in Sports Management and Athletic Administration from St. John’s University.

**David Allen** has served as our Chief Financial Officer since July 2021. Mr. Allen has over 22 years of experience serving as the chief financial officer of public companies and over 40 years of experience as a certified public accountant, starting his career with Arthur Andersen & Co. Mr. Allen has served as our Chief Financial Officer since July 2021. Prior to Charlie’s Holdings, Inc., he served as Chief Financial Officer of Charlies Holdings, Inc. from April 2019 to May 2021 (OTC: CHUC). Prior to that, from December 2014 until January 2018, Mr. Allen served as the Chief Financial Officer of WPCS International, Inc. (NASDAQ: WPCS). From 2007 to 2013, Mr. Allen served as the Chief Financial Officer and Executive Vice President of Administration at Converted Organics, Inc. (NASDAQ: COIN). From 1999 to 2004 he served as Chief Financial Officer, and later Chief Executive Officer, of Milbrook Press, Inc. (NASDAQ: MILB). During the periods not listed above, Mr. Allen held various consulting roles at both public and private companies. Additionally, Mr. Allen has been a member of the board of directors and the Chairman of the Audit Committee of Marimed, Inc. (OTC: MRMD) since June 2019, and was a member of the board of directors and Chairman of the Audit Committee of Charlie’s Holdings, Inc. (OTC: CHUC) from May 2021 until October 2021. From 2004 to 2017, Mr. Allen served as Chief Financial Officer of Bailey’s Express, Inc., a privately held trucking corporation, which filed for Chapter 11 bankruptcy in July 2017; he served as the Chapter 11 Plan Administrator for the bankruptcy case from inception until the case was finalized in December 2020. In addition, Mr. Allen teaches accounting and tax courses in the Connecticut University System. Mr. Allen is a licensed CPA and holds a bachelor’s degree in accounting and a master’s degree in taxation from Bentley College.

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**Roseann Faltings** has served as a member of our board of directors since May 2015 and as an officer since 2003, most recently as our Vice President of Celebrity Partnership Relations. Ms. Faltings is an international liquor industry veteran of more than 18 years with experience in brand development, marketing, sales and distribution across the beer, wine and spirits categories. Throughout her executive career, Ms. Faltings has worked on United Spirits' brand portfolio, including Bellissima by Christie Brinkley, as well as Danny DeVito's Premium Limoncello, Yanjing Beer (the national beer of China), Johnny Bench 5 Scotch Whisky and other private label products. Ms. Faltings was Director of Sales and Marketing of Harbrew Imports Ltd., a predecessor of Iconic, beginning in 2003 until 2005. In 2005, Ms. Faltings was appointed VP of Sales and Marketing of Iconic and served as a Vice President since that time. Ms. Faltings received her bachelor's degree in Business Administration from New York Institute of Technology. We believe Ms. Faltings is qualified to serve as a member of our board because of her marketing and executive management expertise within our industry and her strong relationships within the U.S. distribution and wholesale supply chain.

**Family Relationships**

Richard DeCicco and Roseann Faltings live in the same household, but are not married.

**Arrangements between Officers and Directors**

Except as set forth herein, to our knowledge, there is no arrangement or understanding between any of our officers or directors and any other person pursuant to which the officer or director was selected to serve as an officer or director.

**Involvement in Certain Legal Proceedings**

We are not aware of any of our directors or officers being involved in any legal proceedings in the past ten years relating to any matters in bankruptcy, insolvency, criminal proceedings (other than traffic and other minor offenses), or being subject to any of the items set forth under Item 401(f) of Regulation S-K.

**Committees of Our Board of Directors**

Our board of directors does not maintain a separate audit, nominating and corporate governance or compensation committee. Functions customarily performed by such committees are performed by our board of directors as a

whole. We do not currently have an “audit committee financial expert” since we currently do not have an audit committee.

**Delinquent Section 16(a) Reports**

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. To our knowledge, based solely upon a review of Forms 3, 4, and 5 filed with the SEC during the fiscal year ended December 31, 2022, we believe that, our directors, executive officers, and greater than 10% beneficial owners have complied with all applicable filing requirements during the fiscal year ended December 31, 2022.

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**Code of Ethics**

On March 2, 2023, we adopted a written code of conduct and business ethics that is applicable to the conduct of our directors, officers and employees, including our CEO, CFO and persons performing similar functions. The code of conduct and business ethics has been filed herewith as Exhibit 14.

**ITEM 11. EXECUTIVE COMPENSATION**

*Summary Compensation Table*

The following table sets forth the compensation paid or accrued during the fiscal years ended December 31, 2022 and 2021 to our principal executive officer and one additional officer (collectively, the “named executive officers”). We had no other executive officers during such fiscal years.

Name and Principal Position	Year	Annual Salary (\$)	Restricted Common Stock (3) (\$)	Stock Option (4) (\$)	Total (\$)
Richard DeCicco	2022	265,000	—	—	265,000
Chief Executive Officer, President and Chairman of the Board	2021	265,000	120,000	238,492	623,492
Roseann Faltings	2022	200,000	—	—	200,000
Vice President and Director	2021	187,500	40,000	179,994	407,994
Tom Martin	2022	250,000	—	—	250,000
Former Chief Executive Officer (1)	2021	106,250	—	202,493	308,743
David Allen	2022	250,000	—	—	250,000
Chief Financial Officer (2)	2021	146,250	322,125	202,493	670,868
John Cosenza	2022	225,000	—	—	225,000
Chief Operating Officer (2)	2021	168,750	—	202,493	371,243

- (1) On March 29, 2023, Tom Martin was removed in his capacity as interim Chief Executive Officer. Mr. Martin is expected to remain employed through the remainder of the term of his employment agreement, and is expected to receive the remainder of the benefits to which he would have been entitled under his employment agreement. See “Employment Agreements” below for additional information.
- (2) On July 26, 2021, we entered into two-year employment agreements with David Allen, Tom Martin and John Cosenza.
- (3) Represents fair value of common shares issued in May 2021 and July 2021
- (4) Stock options were issued on September 21, 2021, and vest over three years. The dollar value in the column above represents the aggregate grant date fair value of stock option awards determined in accordance with FASB ASC Topic 718. The assumptions used in the valuation of these awards are set forth in the notes to our financial statements

#### Outstanding Equity Awards at Fiscal Year-End

Name	Option Awards				
	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) Unexercisable	Equity incentive plan awards: Number of securities underlying unexercised unearned options (#)	Option exercise price (\$)	Option expiration date
Tom Martin	150,000	300,000	—	\$ 0.45	10/12/2031
Richard DeCicco	176,667	353,333	—	\$ 0.45	10/12/2031
Roseann Faltings	133,333	266,667	—	\$ 0.45	10/12/2031
David Allen	150,000	300,000	—	\$ 0.45	10/12/2031
John Cosenza	150,000	300,000	—	\$ 0.45	10/12/2031

#### 2021 Long-Term Incentive Plan

On August 16, 2021, our board of directors adopted our 2021 Long-Term Incentive Plan (the “2021 Incentive Plan”) to provide an additional means to attract, motivate, retain and reward selected employees and other eligible persons. Our stockholders approved the plan on or about August 16, 2021. Employees, officers, directors and consultants that provide services to us or one of our subsidiaries may be selected to receive awards under the 2021 Incentive Plan.

Our board of directors, or one or more committees appointed by our Board or another committee (within delegated authority), administers the 2021 Incentive Plan. The administrator of the 2021 Incentive Plan has broad authority to:



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- select participants and determine the types of awards that they are to receive;
- determine the number of shares that are to be subject to awards and the terms and conditions of awards, including the price (if any) to be paid for the shares or the award and establish the vesting conditions (if applicable) of such shares or awards;
- cancel, modify or waive our rights with respect to, or modify, discontinue, suspend or terminate any or all outstanding awards, subject to any required consents;
- construe and interpret the terms of the 2021 Incentive Plan and any agreements relating to the 2021 Incentive Plan;
- accelerate or extend the vesting or exercisability or extend the term of any or all outstanding awards subject to any required consent;
- subject to the other provisions of the 2021 Incentive Plan, make certain adjustments to an outstanding award and authorize the termination, conversion, substitution or succession of an award; and
- allow the purchase price of an award or shares of our common stock to be paid in the form of cash, check or electronic funds transfer, by the delivery of previously-owned shares of our common stock or by a reduction of the number of shares deliverable pursuant to the award, by services rendered by the recipient of the award, by notice and third party payment or cashless exercise on such terms as the administrator may authorize or any other form permitted by law.

A total of 18,540,000 shares of our common stock are reserved for issuance with respect to awards granted under the 2021 Incentive Plan. Any shares subject to awards that are not paid, delivered or exercised before they expire or are cancelled or terminated, or fail to vest, as well as shares used to pay the purchase or exercise price of awards or related tax withholding obligations, will become available for other award grants under the 2021 Incentive Plan. As of the date hereof, stock option grants to purchase an aggregate of 7,767,333 shares of common stock have been made under the 2021 Incentive Plan and 10,682,667 shares authorized under the 2021 Incentive Plan remain available for award purposes.

Awards under the 2021 Incentive Plan may be in the form of incentive or nonqualified stock options, stock appreciation rights, stock bonuses, restricted stock, stock units and other forms of awards including cash awards. The administrator may also grant awards under the plan that are intended to be performance-based awards within the meaning of Section 162(m) of the U.S. Internal Revenue Code. Awards under the plan generally will not be transferable other than by will or the laws of descent and distribution, except that the plan administrator may authorize certain transfers.

Nonqualified and incentive stock options may not be granted at prices below the fair market value of the common stock on the date of grant. Incentive stock options must have an exercise price that is at least equal to the fair market value of our common stock, or 110% of fair market value of our common stock in the case of incentive stock option grants to any 10% owner of our common stock, on the date of grant. These and other awards may also be issued solely or in part for services. Awards are generally paid in cash or shares of our common stock. The plan administrator may provide for the deferred payment of awards and may determine the terms applicable to deferrals.

As is customary in incentive plans of this nature, the number and type of shares available under the 2021 Incentive Plan and any outstanding awards, as well as the exercise or purchase prices of awards, will be subject to adjustment in the event of certain reorganizations, mergers, combinations, recapitalizations, stock splits, stock dividends or other similar events that change the number or kind of shares outstanding, and extraordinary dividends or distributions of property to the stockholders. In no case (except due to an adjustment referred to above or any repricing that may be approved by our stockholders) will any adjustment be made to a stock option or stock appreciation right award under the 2021 Incentive Plan (by amendment, cancellation and re-grant, exchange or other means) that would constitute a repricing of the per-share exercise or base price of the award.

Generally, and subject to limited exceptions set forth in the 2021 Incentive Plan, if we dissolve or undergo certain corporate transactions such as a merger, business combination or other reorganization, or a sale of all or substantially all of our assets, all awards then-outstanding under the 2021 Incentive Plan will become fully vested or paid, as applicable, and will terminate or be terminated in such circumstances, unless the plan administrator provides for the assumption, substitution or other continuation of the award. The plan administrator also has the discretion to establish other change-in-control provisions with respect to awards granted under the 2021 Incentive Plan. For example, the administrator could provide for the acceleration of vesting or payment of an award in connection with a corporate event that is not described above and provide that any such acceleration shall be automatic upon the occurrence of any such event.

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Our board of directors may amend or terminate the 2021 Incentive Plan at any time, but no such action will affect any outstanding award in any manner materially adverse to a participant without the consent of the participant. Plan amendments will be submitted to stockholders for their approval as required by applicable law or any applicable listing agency. The 2021 Incentive Plan is not exclusive, and our board of directors and Compensation Committee may grant stock and performance incentives or other compensation, in stock or cash, under other plans or authority.

The 2021 Incentive Plan will terminate on August 16, 2031. However, the plan administrator will retain its authority until all outstanding awards are exercised or terminated. The maximum term of options, stock appreciation rights and other rights to acquire common stock under the 2021 Incentive Plan is ten years after the initial date of the award.

**Non-Employee Director Compensation**

We do not currently have an established policy to provide compensation to members of our board of directors for their services in that capacity.

**Employment Agreements**

On July 26, 2021, we entered into two-year employment agreements with each of Messrs. DeCicco, Martin, Allen and Cosenza, and with Ms. Faltings. Unless earlier terminated, at the end of the initial term or any renewal term, each agreement automatically renews for additional two-year terms until either we or the executive provides the other party with a timely notice of non-renewal. On March 29, 2023, Tom Martin was removed in his capacity as interim Chief Executive Officer. Mr. Martin is expected to remain employed through the remainder of the term of his employment agreement, and is expected to receive the remainder of the benefits to which he would have been entitled under his employment agreement.

The following is a summary of the compensation arrangements set forth in each employment agreement described above:

<b>Executive</b>	<b>Title</b>	<b>Annual Base Salary</b>	<b>Annual Targeted Bonus</b>
<b>Richard DeCicco</b>	Chairman of the Board and President	\$ 265,000	Determined by the Board, with a target of 25% of Annual Base Salary
<b>Tom Martin</b>	Former Chief Executive Officer	\$ 250,000	Determined by the Board
<b>David Allen</b>	Chief Financial Officer	\$ 250,000	Determined by the Board, with a target of 25% of Annual Base Salary
<b>John Cosenza</b>	Chief Operating Officer	\$ 225,000	Determined by the Board, with a target of 25% of Annual Base Salary
<b>Roseann Faltings</b>	Director and Vice President	\$ 200,000	Determined by the Board, with a target of 25% of Annual Base Salary

Each executive is also eligible to receive employee stock option grants and/or restricted stock grants during the term of their employment, with the amount, frequency and other details of such grants determined by the Board.

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Under the employment agreements, each executive will be entitled to severance in the event that we terminate his or her employment without Cause (as defined in the applicable employment agreement), his or her employment is terminated as a result of a Disability (as defined in the applicable employment agreement), or, in the case of Messrs. DeCicco and Allen, and Ms. Faltings, he or she resigns from his or her employment for Good Reason (as defined in the applicable employment agreement). The severance for Messrs. DeCicco and Allen, and Ms. Faltings would be a lump sum amount equal to: (i) 24 months of base salary at the then current rate, plus (ii) a prorated bonus for the year of termination equal to the target bonus multiplied by a fraction, the numerator of which is the number of days such executive was employed by us in the year of termination and the denominator being 365; plus (iii) a bonus for the severance period equal to 2x the target bonus. The severance for Mr. Cosenza would be a lump sum amount equal to: (i) six months of base salary at his then current rate, plus (ii) a prorated bonus for the year of termination equal to his target bonus multiplied by a fraction, the numerator of which is the number of days Mr. Cosenza was employed by us in the year of termination and the denominator being 365.

Additionally, if an executive elects to continue to receive group health insurance coverage under our group health plan pursuant to COBRA, we will reimburse such executive for his or her monthly COBRA premiums for the duration of the applicable severance period; provided that the executive must show adequate documentation of his or her payment of the COBRA premiums and in the event that the executive becomes ineligible for COBRA coverage or fails to provide adequate documentation of his or her payment of the COBRA premiums, we shall no longer have any obligation to reimburse such COBRA amounts. An executive's entitlement to the severance benefits described above is conditioned upon such executive's timely executing an effective general release of claims in favor of us in connection with his or her termination of employment.

In connection with the execution of his or her employment agreement, each executive also executed our standard confidentiality, restrictive covenant, and assignment agreement, containing customary confidentiality restrictions and work-product provisions, as well as customary non-competition, non-service, and non-solicitation covenants with respect to our employees, consultants and customers

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following table sets forth certain information regarding the beneficial ownership of our common stock as of March 31, 2023 by:

- each person known by us to be a beneficial owner of more than 5% of our outstanding common stock;
- each of our directors;
- each of our executive officers; and
- all directors and executive officers as a group.

The amounts and percentages of common stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or to direct the voting of such security, or "investment power," which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days after the filing of this Form 10-K. Under these rules, more than one person may be deemed a beneficial owner of the same securities and a person may be deemed a beneficial owner of securities as to which he has no economic interest. Except as indicated by footnote, to our knowledge, the persons named in the table below have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them.

In the table below, the percentage of beneficial ownership of our common stock is based on 107,276,138 shares of our common stock outstanding as of the filing of this Form 10-K ("Filing Date"). Unless otherwise noted below, the address of the persons listed on the table is c/o Iconic Brands, Inc., 44 Seabro Avenue, Amityville, NY.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class <sup>(1)</sup>
Named Executive Officers and Directors		
Richard DeCicco	24,686,893	23.01 %
Roseann Faltings	600,200	* %
John Cosenza <sup>(2)</sup>	640,000	* %
David Allen	1,000,000	* %
Executive Officers and Directors as a Group (4 persons)	26,927,093	25.10 %
Other 5% Stockholders		
Tom Martin	7,388,219	6.89 %
Hudson Bay Master Fund, Ltd. <sup>(3)</sup>	6,138,484	5.72 %

\* Indicates less than 1%.

(1) The percentages in the table have been calculated on the basis of treating as outstanding for a particular person, all shares of our capital stock outstanding on the Filing Date. On the Filing Date, there were 107,276,138 shares of our common stock outstanding. To calculate a stockholder's percentage of beneficial ownership, we include in the numerator and denominator the common stock outstanding and all shares of our common stock issuable to that person in the event of the conversion of Series A-2 Preferred Stock or the exercise of Warrants owned by that person which are exercisable within 60 days of the filing of this Form 10-K. Common stock options and derivative securities held by other stockholders are disregarded in this calculation. Therefore, the denominator used in calculating beneficial ownership among our stockholders may differ. Unless we have indicated otherwise, each person named in the table has sole voting power and sole investment power for the shares listed opposite such person's name.

(2) Includes 320,000 shares of common stock and 320,000 shares of common stock issuable upon exercise of outstanding Warrants held by Mr. Cosenza.

(3) Includes 5,889,312 shares of common stock underlying Series A-2 Preferred Stock and Warrants. Hudson Bay Capital Management LP, the investment manager of Hudson Bay Master Fund Ltd., has voting and investment power over these securities. Sander Gerber is the managing member of Hudson Bay Capital GP LLC, which is the general partner of Hudson Bay Capital Management LP. Each of Hudson Bay Master Fund Ltd. and Sander Gerber disclaims beneficial ownership over these securities. Hudson Bay Master Fund, Ltd.'s address is C/o Hudson Bay Capital Management LP, 28 Havemeyer Place, 2nd Floor, Greenwich, CT 06830.

From time to time, the number of our shares held in the "street name" accounts of various securities dealers for the benefit of their clients or in centralized securities depositories may exceed 5% of the total shares of our common stock outstanding.

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#### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The following includes a summary of transactions during our fiscal years ended December 31, 2022 and December 31, 2021 to which we have been a party in which the amount involved in the transaction exceeds the lesser of \$120,000 or 1% of the average of our total assets at year-end for the last two completed fiscal years, and in which any of our directors, executive officers or, to our knowledge, beneficial owners of more than 5% of our capital stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, other than equity and other compensation, termination, change in control and other arrangements, which are described elsewhere in this Annual Report on Form 10-K. We are not otherwise a party to a current related party transaction, and no transaction is currently proposed, in which the amount of the transaction exceeds the lesser of \$120,000 or 1% of the average of our total assets at year-end for the last two completed fiscal years and in which a related person had or will have a direct or indirect material interest.

##### **Tom Martin TopPop Note**

On July 26, 2021, the Company entered into a secured promissory note with Tom Martin, our Interim Chief Executive Officer, in the principal amount of \$1,335,740 (the “Martin Note”). The Martin Note accrues interest at a rate of 10% per annum. As of December 31, 2022, the full principal amount of the Martin Note was due and payable, along with interest of \$194,053. As of March 31, 2023, the full principal amount of the Martin Note was due and payable, along with interest of \$226,989.

##### **United Spirits**

On July 26, 2021, we entered into an acquisition agreement with Richard DeCicco for the purchase of United. See “Business—Recent Developments” for more information.

##### *Exchange of Shares*

On July 26, 2021, the Company entered into a securities exchange agreement (the “Series A Preferred Exchange Agreement”), with Richard DeCicco, who, at the time of execution and delivery of such agreement, was the Company’s Chief Executive Officer, Chief Financial Officer, chairman of the Company’s board of directors (the “Board”) and the holder of the Company’s one issued and outstanding share of Series A Preferred Stock. Pursuant to the Series A Preferred Exchange Agreement, Mr. DeCicco exchanged his one share of Series A Preferred Stock for 25,600,000 shares of Common Stock. Upon such exchange, the Series A Preferred Stock, which previously gave Mr. DeCicco two votes for every one vote of the Company’s outstanding voting securities, was cancelled and all contractual (or similar) rights, preferences and obligations relating to such Series A Preferred Stock became null and void and of no further effect whatsoever.

On July 26, 2021, the Company entered into securities exchange agreements (collectively, the “Exchange Agreement”) with the holders (each a “Holder” and collectively, the “Holders”) of the Company’s outstanding (a) Series E Convertible Preferred Stock, Series F Convertible Preferred Stock and Series G Convertible Preferred Stock (the “Existing Preferred Stock”), and (b) Series E Common Stock Purchase Warrants, Series F Common Stock Purchase Warrants and Series G Common Stock Purchase Warrants (the “Existing Warrants” and together with the Existing Preferred Stock, collectively, the “Existing Securities”), pursuant to which the Holders exchanged (the “Exchange”) (i) all Existing Preferred Stock held by each Holder for shares of Series A-2 Preferred Stock and Warrants, and (ii) all Existing Warrants held by each Holder for shares of Common Stock. In connection with the Exchange, the Holders exchanged all of their Existing Securities for an aggregate of 3,704.80 shares of Series A-2 Preferred Stock, Warrants to purchase 14,304,880 shares of Common Stock, and 2,449,517 shares of Common Stock. Upon the Exchange, the Existing Securities were cancelled and all contractual (or similar) rights, preferences and obligations relating to such Existing Securities became null and void and of no further effect whatsoever.

##### *Distribution Agreements*

On May 1, 2016, Bellissima entered into a distribution agreement with United, which was then owned and managed by Richard DeCicco, for United to distribute and wholesale Bellissima's product and to act as the licensed importer and wholesaler. The distribution agreement provided United the exclusive right for a term of ten years to sell Bellissima's product for an agreed distribution fee equal to \$1.00 per case of product sold.

On May 1, 2015, BiVi entered into the distribution agreement with United for United to distribute and wholesale BiVi's products and to act as the licensed importer and wholesaler. Pursuant to the distribution agreement, United had the exclusive right to sell our products until 2025 for a distribution fee of \$1.00 per case of product sold.

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Prior to our acquisition of United, we marketed and sold our private label Hooters products pursuant to a Marketing and Distribution Agreement entered into between us and United, effective as of April 1, 2019. Under such agreement, we had been granted the exclusive right to market and distribute the Hooters Spirits products line to (a) "Hooters" branded restaurants; (b) liquor distributors; and (c) off-premise, retail establishments (with all sales being made through distributors licensed to conduct business in the state of such sale) in the United States, Europe and Asia for a period of five years (which could have been extended by up to an additional five years by us upon written notice to United, so long as we were not in breach of the agreement). The agreement provided for United to receive a fee of \$1.00 per case of product sold to any wholesaler for retailer distribution.

*Lease Agreement*

We lease our office and warehouse space in North Amityville, New York from Dan Kay International, an entity controlled by Richard DeCicco. On January 1, 2021, we entered into a lease extension with Dan Kay International pursuant to which we extended the term of our lease to January 1, 2024 for \$4,892.89 per month. On November 8, 2022, the rent term was extended until December 31, 2026. All other terms remained the same.

*Amended and Restated LLC Agreements of Bellissima Spirits LLC and BiVi LLC*

On July 26, 2021, we, and each other member identified therein, including Mr. DeCicco and Rosanne Faltings, our vice president of sales and a member of the Board, entered into an Amended and Restated Limited Liability Company Agreement dated as of July 26, 2021 of Bellissima and BiVi. Such agreement provides that the manager of Bellissima and BiVi, currently Mr. DeCicco, may cause Bellissima and BiVi to make distributions of available cash flow to the members pro rata in accordance with their cash flow ratios, of which we are entitled to 100% of any such distribution of available cash flow. Such agreement also provides that the manager shall cause Bellissima and BiVi to make distributions of net proceeds attributable to certain capital events to members pro rata in accordance with their membership interest percentage, of which we are entitled to 54% of any such distribution of net proceeds and Mr. DeCicco and Ms. Faltings are entitled to 15.34% and 15.33%, respectively. Transfers of membership interests in Bellissima and BiVi are generally restricted and such agreement provides for preemptive rights, rights of first refusal, and rights of co-sale, in each case, in accordance with the terms and conditions set forth therein.

On April 22, 2022 we entered into a Second Amended and Restated Limited Liability Company Agreement of Bellissima, which provides that upon (i) a sale of all or substantially all of our assets, (ii) a change of control of us, (iii) a sale of equity following which our shareholders immediately prior to such transaction do not own, immediately following such transaction, a majority of the voting and economic rights in us, or (iv) a merger, consolidation or similar transaction involving us, each of Mr. DeCicco and Ms. Faltings will be entitled to sell their interest in Bellissima to us in exchange for the value of their equity interest in Bellissima that they would have received upon the sale of their equity interest in Bellissima, upon the sale of Bellissima, which value will be determined by an independent third-party appraiser.

**Director Independence**

Our board of directors has determined that none of our directors are currently “independent” as that term is defined under NASDAQ Listing Rule 5605(a)(2).



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**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The following table presents fees for professional services rendered by Mazars for the years ended December 31, 2022 and 2021.

	Years Ended December 31,	
	2022	2021
<i>Mazars USA LLP</i>		
Audit Fees (1)	\$ 450,000	\$ 25,000
Audit Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
<i>Fei Qi, CPA</i>		
Audit Fees (1)	\$ —	\$ 60,000
Audit Related Fees	—	7,500
Tax Fees	—	—
All Other Fees	—	—
Total	<u>\$ 450,000</u>	<u>\$ 92,500</u>

(1) Audit fees were principally for audit and review services.

Of the fees described above for the year ended December 31, 2022 and 2021, all were pre-approved by our board of directors.





**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

(a) The following documents are filed as part of this Annual Report:

(1) The financial statements are filed as part of this Annual Report under "Item 8. Financial Statements and Supplementary Data."

(2) The financial statement schedules are omitted because they are either not applicable or the information required is presented in the financial statements and notes thereto under "Item 8. Financial Statements and Supplementary Data."

(3) The exhibits listed in the following Exhibit Index are filed, furnished or incorporated by reference as part of this Annual Report.

(b) Exhibits

See the Exhibit Index immediately preceding the signature page of this Annual Report.

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<b>Exhibit No.</b>	<b>Description of Exhibits</b>
<a href="#">3.1</a>	<a href="#">Articles of Incorporation of Iconic Brands, Inc. (Incorporated by reference to our Form SB-2 filed on November 30, 2007)</a>
<a href="#">3.2</a>	<a href="#">Certificate of Amendment of the Articles of Incorporation (Incorporated by reference to our Current Report on Form 8-K filed on March 4, 2019)</a>
<a href="#">3.3</a>	<a href="#">Certificate of Correction to the Amendment of the Articles of Incorporation (Incorporated by reference to our Current Report on Form 8-K filed on March 4, 2019)</a>
<a href="#">3.4</a>	<a href="#">Certificate of Designation of Series A Preferred Stock (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</a>
<a href="#">3.5</a>	<a href="#">Certificate of Designation of Series B Preferred Stock (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</a>
<a href="#">3.6</a>	<a href="#">Certificate of Designation of Series C Preferred Stock (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</a>
<a href="#">3.7</a>	<a href="#">Certificate of Designation of Series D Preferred Stock (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</a>

<a href="#">3.8</a>	<a href="#">Certificate of Designation of Series E Preferred Stock (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</a>
<a href="#">3.9</a>	<a href="#">Certificate of Designation of Series F Preferred Stock (Incorporated by reference to our Current Report on Form 8-K filed on July 23, 2019)</a>
<a href="#">3.10</a>	<a href="#">Certificate of Designation of Series G Preferred Stock (Incorporated by reference to our Current Report on Form 8-K filed on January 13, 2020)</a>
<a href="#">3.11</a>	<a href="#">Bylaws of Iconic Brands, Inc., as amended (Incorporated by reference to our Form SB-2 filed on November 30, 2007)</a>
<a href="#">4.1</a>	<a href="#">Description of registrant’s securities (Incorporated by reference to our Annual Report on Form 10-K, filed on April 15, 2020)</a>
<a href="#">10.1</a>	<a href="#">License Agreement between BiVi LLC and Neighborhood Licensing, LLC, dated May 26, 2015 (Incorporated by reference to our Annual Report on Form 10-K, filed on April 15, 2020)</a>
<a href="#">10.2</a>	<a href="#">Distribution Agreement by and between BiVi LLC and United Spirits, Inc., dated May 1, 2015 (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</a>
<a href="#">10.3</a>	<a href="#">Securities Exchange Agreement by and between the Company and BiVi LLC, dated May 15, 2015 (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</a>
<a href="#">10.4</a>	<a href="#">License Agreement by and among Bellissima LLC and Christie Brinklev, Inc., dated November 12, 2015 (Incorporated by reference to our Annual Report on Form 10-K, filed on April 15, 2020)</a>
<a href="#">10.5</a>	<a href="#">Distribution Agreement by and between Bellissima Spirits LLC and United Spirits, Inc., dated May 1, 2016 (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</a>

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<a href="#">10.6</a>	<a href="#">Amendment No. 1 License Agreement by and among Bellissima LLC and Christie Brinkley, Inc., effective as of June 30, 2017 (Incorporated by reference to our Annual Report on Form 10-K, filed on April 15, 2020)</a>
<a href="#">10.7</a>	<a href="#">Securities Purchase Agreement by and among the Company, The Special Equities Group, LLC, Iroquois Master Fund Ltd. and Gregory M. Castaldo, dated November 1, 2017 (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</a>
<a href="#">10.8</a>	<a href="#">Registration Rights Agreement by and among the Company, The Special Equities Group, LLC, Iroquois Master Fund Ltd. and Gregory M. Castaldo, dated November 1, 2017 (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</a>
<a href="#">10.9</a>	<a href="#">Share Exchange Agreement by and among the Company, The Special Equities Group, LLC, Iroquois Master Fund Ltd., Iroquois Capital Investment Group LLC and Gregory M. Castaldo, dated May 21, 2018 (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</a>
<a href="#">10.10</a>	<a href="#">Amendment No. 1 to Securities Purchase Agreement by and among the Company, The Special Equities Group, LLC, Iroquois Master Fund Ltd., Iroquois Capital Investment Group LLC and Gregory M. Castaldo, dated May 21, 2018 (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</a>
<a href="#">10.11</a>	<a href="#">Amendment No. 1 to Registration Rights Agreement by and among the Company, The Special Equities Group, LLC, Iroquois Master Fund Ltd., Iroquois Capital Investment Group LLC and Gregory M. Castaldo, dated May 21, 2018 (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</a>
<a href="#">10.12</a>	<a href="#">Amendment No. 1 to Securities Exchange Agreement by and between the Company and BiVi LLC, dated October 26, 2018 (Incorporated by reference to Amendment No. 1 to our Registration Statement on Form S-1 filed on October 29, 2018)</a>

<a href="#">10.13</a>	<a href="#">Extension of Lease Agreement by and between the Company and United Spirits, Inc., dated March 27, 2018 (Incorporated by reference to Amendment No. 1 to our Registration Statement on Form S-1 filed on September 19, 2018)</a>
<a href="#">10.14+</a>	<a href="#">Employment Agreement by and between the Company and Richard DeCicco, dated April 1, 2018 (Incorporated by reference to Amendment No. 1 to our Registration Statement on Form S-1 filed on October 29, 2018)</a>
<a href="#">10.15+</a>	<a href="#">Employment Agreement by and between the Company and Roseann Faltings, dated April 1, 2018 (Incorporated by reference to Amendment No. 1 to our Registration Statement on Form S-1 filed on October 29, 2018)</a>
<a href="#">10.16</a>	<a href="#">Brand Licensing Agreement by and between United Spirits, Inc. and HI Limited Partnership dated as of July 23, 2018 (Incorporated by reference to our Annual Report on Form 10-K, filed on April 15, 2020)</a>
<a href="#">10.17</a>	<a href="#">Marketing and Distribution Agreement by and between the Company and United Spirits, Inc. dated April 1, 2019 (Incorporated by reference to our Quarterly Report on Form 10-Q filed on November 19, 2019)</a>
<a href="#">10.18</a>	<a href="#">Form of Securities Purchase Agreement dated September 27, 2018 (Incorporated by reference to our Current Report on Form 8-K filed on October 4, 2018)</a>
<a href="#">10.19</a>	<a href="#">Form of Warrant dated September 27, 2018 (Incorporated by reference to our Current Report on Form 8-K filed on October 4, 2018)</a>



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<a href="#">10.20</a>	<a href="#">Form of Registration Rights Agreement dated September 27, 2018 (Incorporated by reference to our Current Report on Form 8-K filed on October 4, 2018)</a>
<a href="#">10.21</a>	<a href="#">Form of Lock-Up Agreement dated September 27, 2018 (Incorporated by reference to our Current Report on Form 8-K filed on October 4, 2018)</a>
<a href="#">10.22</a>	<a href="#">Form of Warrant Exercise Agreement, dated as of May 2, 2019 (Incorporated by reference to our Current Report on Form 8-K filed on May 9, 2019)</a>
<a href="#">10.23</a>	<a href="#">Form of Warrant (Incorporated by reference to our Current Report on Form 8-K filed on May 9, 2019)</a>
<a href="#">10.24</a>	<a href="#">Form of Securities Purchase Agreement dated July 17, 2019 (Incorporated by reference to our Current Report on Form 8-K filed on July 23, 2019)</a>
<a href="#">10.25</a>	<a href="#">Form of Warrant dated July 17, 2019 (Incorporated by reference to our Current Report on Form 8-K filed on July 23, 2019)</a>
<a href="#">10.26</a>	<a href="#">Form of Registration Rights Agreement July 17, 2019 (Incorporated by reference to our Current Report on Form 8-K filed on July 23, 2019)</a>
<a href="#">10.27</a>	<a href="#">Form of Lock-Up Agreement July 17, 2019 (Incorporated by reference to our Current Report on Form 8-K filed on July 23, 2019)</a>
<a href="#">10.28</a>	<a href="#">Form of Exchange Agreement July 17, 2019 (Incorporated by reference to our Current Report on Form 8-K filed on July 23, 2019)</a>

10.29	<a href="#">Form of Securities Purchase Agreement dated January 12, 2020 (Incorporated by reference to our Current Report on Form 8-K filed on January 13, 2020)</a>
10.30	<a href="#">Form of Warrant (Incorporated by reference to our Current Report on Form 8-K filed on January 13, 2020)</a>
10.31	<a href="#">Form of Registration Rights Agreement dated January 12, 2020 (Incorporated by reference to our Current Report on Form 8-K filed on January 13, 2020)</a>
10.32	<a href="#">Form of Lock-Up Agreement dated January 12, 2020 (Incorporated by reference to our Current Report on Form 8-K filed on January 13, 2020)</a>
10.33	<a href="#">Exchange Agreement by and among the Company and Can B Corp dated as of July 29, 2020 (Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on August 10, 2020)</a>
10.34	<a href="#">Form of 5% Original Issue Discount Promissory Note (Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on August 10, 2020)</a>
10.35	<a href="#">Limited Liability Company Operating Agreement of Bellissima Spirits LLC, dated as of November 15, 2015 (Incorporated by reference to our Quarterly Report on Form 10-Q filed on November 16, 2020)</a>
10.36	<a href="#">Limited Liability Company Operating Agreement of BIVI LLC, dated as of May 15, 2015 (Incorporated by reference to our Quarterly Report on Form 10-Q filed on November 16, 2020)</a>
10.37	<a href="#">Extension of Lease Agreement by and between the Company and Dan Kay International, dated January 1, 2021 (Incorporated by reference to our Annual Report on Form 10-K filed on April 13, 2021)</a>
10.38+	<a href="#">Iconic Brands, Inc. 2021 Equity Incentive Plan (Incorporated by reference to our Registration Statement on Form S-8 filed on January 11, 2022)</a>
10.39	<a href="#">Amendment No. 2 to License Agreement by and among Bellissima LLC and Christie Brinkley, Inc., effective as of April 22, 2022 (Incorporated by reference to our Annual Report on Form 10-K filed on June 15, 2022)</a>
10.40	<a href="#">Second Amended and Restated Limited Liability Company Agreement of Bellissima Spirits LLC, dated as of April 22, 2022 (Incorporated by reference to our Annual Report on Form 10-K filed on June 15, 2022)</a>
14*	Code of Conduct & Business Ethics
21.1	<a href="#">Subsidiaries of registrant (Incorporated by reference to our Annual Report on Form 10-K filed on June 15, 2022)</a>
23.1*	<a href="#">Consent of Independent Registered Public Accounting Firm</a>
31.1*	<a href="#">Certification by Principal Executive Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2*	<a href="#">Certification by Principal Financial Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1*	<a href="#">Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2*	<a href="#">Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

\* Filed herewith.

+ Indicates a management contract or any compensatory plan, contract or arrangement.

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#### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

**Iconic Brands, Inc.**

Dated: March 31, 2023

By: /s/ Richard DeCicco

Richard DeCicco

Its: President and Chairman of the Board

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Name</u>	<u>Position</u>	<u>Date</u>
<u>/s/ Richard DeCicco</u> Richard DeCicco	Chief Executive Officer, President and Chairman of the Board (Principal Executive Officer)	March 31, 2023
<u>/s/ David Allen</u> David Allen	Chief Financial Officer (Principal Financial and Accounting Officer)	March 31, 2023
<u>/s/ Roseann Faltings</u> Roseann Faltings	Director	March 31, 2023

**ICONIC BRANDS, INC.**  
**Code of Conduct & Business Ethics**

**Adopted on March 6, 2023**

The following Code of Conduct & Business Ethics (this “Code”) is applicable to all Directors, Officers and Employees (collectively referred to herein as the “individuals”) of Iconic Brands, Inc. and all its subsidiary companies (collectively referred to herein as “the Company”). The purpose of this Code is to describe how individuals are expected to act in their dealings with and for the Company. Each individual is expected to act in accordance with the spirit as well as the letter of this Code.

Conflicts of Interest

**Conflicts of interest, or perceived conflicts of interest, between the individual and the Company are prohibited.** It is difficult to expressly define a “conflict of interest”. The intent herein is to follow the broad understanding of the term. A conflict of interest occurs when an individual’s private interest interferes in any way, or even appears to interfere, with the interests of the Company as a whole. A conflict situation may also arise when an individual takes actions or has interests that may make it difficult to perform his or her company work objectively and effectively. Conflicts of interest also arise when an individual or a member of his or her family receives improper personal benefits as a result of his or her position in the company. Loans to, or guarantees of obligations for, such persons are expressly prohibited.

**In addition, conflicts of interest, or perceived conflicts of interest, arising out of business transactions contemplated between an individual and a “related party” of the Company are prohibited unless the relationship of the parties is disclosed to the Board of Directors, and the transaction is subsequently approved by the Board of Directors.**

In the event an individual has a potential conflict of interest, such concern must be relayed in writing to the individual’s supervisor or other appropriate authority for ultimate referral to the Board of Directors.

Corporate Opportunities

**Individuals are prohibited from (a) taking for themselves personally any opportunities that are discovered through the use of corporate property, information or position; (b) using corporate property, information, or position for personal gain; and (c) competing with the Company.** Individuals owe a duty to the Company to advance the Company’s legitimate interests when the opportunity to do so arises.

Confidentiality

**Individuals must maintain the confidentiality of information entrusted to them by the Company or its customers, except when disclosure is authorized or legally mandated.** Confidential information includes all non-public information that might be of use to competitors or is harmful to the Company or its customers, if disclosed. Unauthorized disclosure of any confidential information is prohibited. Additionally, employees should take appropriate precautions to ensure that confidential or sensitive business information, whether it is proprietary to the Company or another company, is not communicated within the Company except to employees who have a need to know such information to perform their responsibilities for the Company.

### Insider Trading

**Individuals who become aware of information that, once it becomes known to the public, would be likely to affect the price of the Company's stock (known as "material non-public information") must not trade in the Company's stock while in possession of such information.** All individuals are considered insiders of the Company and may not buy or sell Company stock until material non-public information has been released to the public. For additional information, see the Company's insider trading policy.

**In addition, individuals may not trade in the securities of any other company based on material non-public information about that company, the Company or any other company until the material, non-public information has been officially released to the public.**

**Material non-public information obtained through the course of an individual's employment with the Company should not be shared.** It may be considered a violation of U.S. securities laws to disclose material non-public information (deliberately or inadvertently) to another person, including a spouse, parent, child, or sibling, if that person either buys or sells securities while aware of the information disclosed, or passes that information to a third party who trades on the information.

### Personal Investments

Many Company employees invest in publicly traded stocks or privately held businesses. In addition to the Insider Trading issues covered above, these personal investments may also give rise to a conflict of interest if the individual has an investment in any business that does business with or competes with the Company. If an individual has an investment in any such privately held business or in any such publicly traded company, where the individual has any ability to influence the business activity, the individual must disclose the investment to the Company's Chief Financial Officer, who will decide if a conflict exists and what, if any, next steps are required.

### Fair Dealing

**Each individual must endeavor to deal fairly with the Company's customers, vendors, suppliers, competitors and employees.** No individual should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

Protection and Proper Use of Company Assets

**All individuals must protect the Company's assets and ensure their efficient use. All Company assets should be used for legitimate business purposes.**

Compliance with Laws, Rules, and Regulations

**It is the intent of the Company to comply with all laws, rules and regulations including insider trading laws. It is the duty of all individuals to ensure the Company's compliance in each business area in which they operate or have knowledge.**

Reporting

**All individuals are required to report violations of laws, rules, regulations or this Code to the appropriate personnel.** Appropriate personnel may include supervisors, the Human Resources department and any officer or director. An employee who reports a violation of law must notify the Company's Chief Financial Officer within three (3) days of such report. Individuals are encouraged to talk to supervisors, managers or the Human Resources department when in doubt about the best course to action in a particular situation. Reporting individuals shall not be subject to suspension, termination, or other forms of retaliation for reports made in good faith.

Waiver of the Code

**Any waiver of the Code for any officer, director or employee of the Company may be made only by the Board of Directors and will be posted to the Company's website.**

Using this Code

Individuals are expected to use this Code in conjunction with the policies, procedures, and work rules adopted by the Company and implemented at each business location. This Code is not an employment contract. It will change over time. In addition, individuals must follow the provisions of employment manuals and contracts where those documents are more significant.

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statement of Iconic Brands, Inc. on Form S-8 (filed on January 11, 2022) of our report dated March 31, 2023, on the consolidated financial statements of Iconic Brands, Inc. as of December 31, 2022 and 2021 and for the years then ended, which appears in the Annual Report on Form 10-K of Iconic Brands, Inc. for the year ended December 31, 2022. The report for Iconic Brands, Inc. includes an explanatory paragraph about the existence of substantial doubt concerning its ability to continue as a going concern. We also consent to the reference to our Firm under the caption "Experts" in the Registration Statement.

/s/ Mazars USA LLP  
Fort Washington, PA  
March 31, 2023

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER OF ICONIC BRANDS, INC.  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Richard DeCicco, certify that:

1. I have reviewed this annual report on Form 10-K of Iconic Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15I and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2023

*/s/ Richard DeCicco*

Richard DeCicco  
Chief Executive Officer and President  
(Principal Executive Officer)



**CERTIFICATION OF CHIEF FINANCIAL OFFICER OF ICONIC BRANDS, INC.  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David Allen, certify that:

1. I have reviewed this annual report on Form 10-K of Iconic Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2023

*/s/ David Allen*

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David Allen  
Chief Financial Officer  
(Principal Financial Officer)

**STATEMENT OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECTION 1350 OF TITLE 18 OF THE UNITED STATES CODE**

Pursuant to Section 1350 of Title 18 of the United States Code as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Richard DeCicco, Principal Executive Officer of Iconic Brands, Inc. (the "Company"), hereby certifies that based on the undersigned's knowledge:

- (1) The Company's annual report on Form 10-K for the period ended December 31, 2022 (the "Report") fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 31, 2023

By: /s/ Richard DeCicco

Richard DeCicco  
Chief Executive Officer and President  
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Iconic Brands, Inc., and will be retained by Iconic Brands, Inc., and furnished to the Securities and Exchange Commission or its staff upon request.

**STATEMENT OF CHIEF FINANCIAL OFFICER  
PURSUANT TO SECTION 1350 OF TITLE 18 OF THE UNITED STATES CODE**

Pursuant to Section 1350 of Title 18 of the United States Code as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, David Allen, Chief Financial Officer of Iconic Brands, Inc. (the "Company"), hereby certifies that based on the undersigned's knowledge:

- (1) The Company's annual report on Form 10-K for the period ended December 31, 2022 (the "Report") fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 31, 2023

By: /s/ David Allen

David Allen  
Chief Financial Officer  
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Iconic Brands, Inc., and will be retained by Iconic Brands, Inc., and furnished to the Securities and Exchange Commission or its staff upon request.